

# WORLD NOT NEEDED TO BOLSTER RESERVES

## Claimed That United States Could Release \$300,000,000 to Maintain World's Gold Exchange

### EDUCATED TO PAPER MONEY

Washington, August 22.—The great use of gold is to maintain the exchange of international commerce. When nations prepare for war they accumulate reserves, foodstuffs in storehouses, and gold in bank vaults. Their international trade and gold may replenish the food storehouses.

France, Germany and Russia have of late years been bringing up their gold reserves. But England has made no such movement. She has held in her cash box the gold promises of the whole world and she has likewise millions of securities that should command the world's gold.

Launched suddenly into war, England, holding the credit and cash box for ocean commerce, sees the financial world unable to respond to her demands for gold.

Not a country in Europe can buy of her and return gold into her cash box. She cannot liquidate securities or debts internally for gold, and therefore in self-protection closes her stock exchange.

America cannot remain open and give gold to the world. Liquidation without first strengthening her financial machinery for the strain. Therefore, the exchanges of America promptly closed down, and the machinery is set up for exchanges between banks by clearing house certificates and for emergency currency to the extent of a billion dollars, if needed, under the Aldrich-Vreeland amended act.

### Concentrate the Gold.

There is a third reserve yet to be inaugurated by the Federal reserve bank system which is intended to concentrate the gold from the national banks into the Federal reserve banks and permit expansion upon commercial credits of \$2,500,000,000.

This makes a total of possible emergency and credit currency of \$4,000,000,000, which would more than double the currency of the United States to-day.

Indeed, of the \$3,300,000,000 money in the United States to-day, one-half is gold. Not one-half of this is in its proper place as banking reserve to balance other international exchanges of the world or our internal exchanges.

When we resumed specie payment in 1879 we had less than \$250,000,000 of gold in this country. To-day we have nearly ten times that amount, and the larger part of it is in the pockets of the people, uselessly and for the most part without their knowledge.

The people of the United States have been educated for a generation to the use of paper money. Our purses and our pocketbooks are not adapted to gold coin. Therefore, the United States Treasury has become a warehouse for a billion of gold against which are issued gold certificates which are to a considerable extent in the pockets of the people and in denominations as low as \$10.

### Paper More Convenient.

Let any employer of labor pass out \$10 and \$20 gold pieces on the payroll and they will be quickly offered to the cashier at the next window with a polite request for paper as more convenient.

In six years the Bank of France, balancing the exchanges of that nation, has increased her gold reserve from \$500,000,000 to \$800,000,000. Russia has piled up gold credits of \$800,000,000. The Imperial Bank of Germany, balancing the exchange of that country with the assistance of its 600 branches, has less than half the gold of the Bank of France or of the gold and gold credits of Russia.

Yet the German Bank is to-day undertaking to maintain all the exchanges of Germany on a gold basis with less than \$400,000,000 in gold money.

One-fifth of all the gold money in the world is in the United States, which, from a banking standpoint, has used this gold most extravagantly, but now proposed to go concentrate it as to make us a money power assisting to balance the exchanges of the world on a gold basis without panics or slumps or abnormal high or low rates of interest.

Sir George Paish, and other eminent European authorities who studied the new American Bank Act welcomed it as the most helpful measure of this generation in assisting the world's commerce. It was figured that with the new Bank Act inaugurated we could readily spare \$200,000,000 of gold in assisting to balance the world's commercial exchanges.

### Few Factors Considered.

Now was there ever a better time to spare this gold? Let us for a moment consider a few factors:

First—The heart of the world's commercial exchanges needs it as never before and will pay the highest price for it. In other words we can sell this gold now for the most we ever could hope to receive for it.

Second—If we hold this gold we may have also to hold our wheat, our factory products, in coal, cotton and the fruits of American labor, in coal, cotton manufactures and other commodities.

Third—if we promptly, and with security gradually pay it out into the heart of the world's commerce we hold the best commodities in the world, as well as the best position in the world to buy it back when the world needs it less and the price is therefore lower.

Let us consider now for another moment the reasons why we can spare this gold at this particular time:

First—It is estimated that of the \$500,000,000 annual trade balance in our favor, nearly \$500,000,000 is offset by American travelers' European travel and ship expenditures. This has been out in two this year by the European war. The Paris restaurants and millinery shops have closed, and at least \$100,000,000 of American expenditures on European account returns to this country as a credit or unexpected balance.

Second—With a crop of more than 900,000,000 bushels of wheat and a deficiency in foreign harvests we are in a position to get more than \$100,000,000 European gold credits for our surplus wheat provided the ships and the credit machinery, and the latter is the most important, can be made quickly available.

### International Gold Credits.

Third—We can add another \$200,000,000 in international gold credits if we will promptly can our surplus fish and vegetables and ship them to the hungry Europeans.

Fourth—Any deficiency in this figuring of \$500,000,000 of unusual international trade balance can be more

### Strengthen Their Reserves.

Mr. Jacob H. Schiff is right, and the New York bankers who declare that now more than ever the banks of America need to strengthen their reserves with gold are absolutely wrong.

## BANK OF MONTREAL DEVOTES \$100,000 TO PATRIOTIC FUND

Example That is Likely to be Followed by a Great Many Financial Institutions in Canada.

Following a meeting of the board of directors of the Bank of Montreal yesterday morning, one of the most liberal offerings yet granted for national patriotic purposes was announced. The directors decided to set aside an appropriation of \$100,000 and notification to this effect has been forwarded to the proper quarters.

The appropriation of \$100,000 is to be divided into two. The sum of \$50,000 is given unconditionally to the Canadian Patriotic Fund, and the remaining \$50,000, if required, will be given to the same fund or to other national funds, according to later decision of the directors.

## CANAL FREIGHT RATES LOWER

Boston, August 22.—The freight rates via the Panama Canal have in many instances dropped as much as 30 per cent. lower than the shipping companies had hoped they would remain.

The big steel freighter Atlantic of the Boston Pacific line, of the Emery Steamship Company, has secured practically a full capacity cargo for her first sailing which will be from Boston, direct to San Francisco, via the canal. So much time is being required to load the boat, which is of 5,300 gross tonnage, that she has had to postpone her departure until next Wednesday. Early in September the company plans to sail her sister steamship "The Pacific," now nearing completion at the Fore River works.

Boston and Maine have loaded 298 cars of freight to Myrtle Wharf, for the loading of the Atlantic. Before she sails she will take aboard the contents of some 400 cars, or about 8,000 tons of freight.

It has been rumored that the cargo of steel products for the Atlantic was coming from the Bethlehem Steel people, who of course now own the Fore River Works, where she and her sister ship have been built. As just indicated, however, this is not the case.

The rumor in question undoubtedly arose from the fact that Mr. Schwab has long been desirous of some modern steel freight steamships for bringing his ores from Chile. He is, however, now understood to have made tentative arrangements for Norwegian capitalists for construction of 11 such boats to ply between Chile and New York via the Canal, and the Boston boats will not be used for this purpose.

Aside from the Emery boats, there are at present prospects of no other Boston canal sailings, except those by the American Hawaiian Steamship Company. Its boat, Honolulu, will steam from San Francisco for passage through the canal to Philadelphia, New York and Boston next Sunday, as contemplated.

Instead of sailing steamship Latham, as originally planned, the next Boston boats of this line will be the Washingtonian, which will leave for New York and Boston from San Francisco late in September, and the Ohioian, which leave that port about a fortnight thereafter, with similar destinations.

Railroads from interior to seaboard points expected to lift embargo on export freight Monday.

## BARCELONA CO. IN INITIAL STAGES

### Its Hydro-Electric Program Has Been By No Means Completed, It Is Said

### RECENT FINANCING SOUND

Criticism Put Forth Over Recent Offering Was Based Upon a Misconception—Some Facts Regarding Company's Bond Issue.

Toronto, Ont., August 22.—The Globe says that the criticism of the financing of the Barcelona Traction, Light & Power Co., republished in a number of papers from a Spanish journal, The Revista de Economía Hacienda, of Madrid, has been shown to be based upon a misconception or a misrepresentation of the facts. The chief contention urged by the Spanish paper was that, with its most recent issue, the company would still be without sufficient resources to complete its development work.

It is pointed out, however, that Dr. F. S. Pearson, in a report to the Bank of Scotland, London branch, of as recent date as July 1, 1914 — which report was published in the prospectus of the recent \$3,118,000 bond issue—stated: "The completion of the company's development is assured, as it has now made financial arrangements for providing the necessary funds."

### Very Material Difference.

The Spanish paper also draws attention to the depreciation in the selling price of Barcelona bonds, but fails to take into consideration the fact that a bonus of common stock was given with the previous debenture issues, whereas the most recent issue carries no such bonus, which makes a very material difference.

The issue made in London in July was merely a sale by underwriters of a portion of the Barcelona bonds, which they underwrote some time ago. At that time a bonus of common was included with the sale, and the higher prices were due to that fact. The underwriters offered the bonds without a bonus of common, and the price was reduced. The company received the proceeds from this issue a long time ago, and the recent sale by the underwriters was merely in accordance with their contract with the company, a public offering being necessary before the bonds could be listed on the London Stock Exchange.

### Hydro-Electric Program.

Regarding the statement made by the Spanish paper that the estates the company owns would not realize the amount of the first mortgage. It is pointed out that the company is still in its initial stages, that its hydro-electric program has by no means been completed, and that a number of power stations, which are to be established, have already been started. Furthermore, it is pointed out that, owing to the high cost of money, bonds have been sold considerably below par, as instance the offering criticized. With \$100 bonds sold, say, at \$82, it is impossible to have the equity on a hundred dollar basis, nor is any such provision found in other large corporations, either on this continent or in Europe.

## WESTERN NATURAL GAS CO. PLACED ON DIVIDEND BASIS

Gas Bearing Territory Controlled by This Concern Covers Over One and a Half Million Acres.

The directors of the Canadian Western Natural Gas Light, Heat & Power Company, Limited, have placed the shares on a dividend paying basis by the declaration of an interim dividend of 1 per cent. payable Aug. 31. Books will close from August 25 to August 31 inclusive.

The company, which owns a number of natural gas wells in Southern Alberta, supplies gas to Calgary and Lethbridge, with branch lines to other towns. The gas bearing territory controlled covers over one and a half million acres. The authorized capital is \$3,000,000 in common and an issue of \$3,950,000 in 5 per cent. debenture stock was made in London a couple of years ago.

## CANADA'S BANK CLEARINGS

City.	Week ended Aug. 20, 1914.	Week ended Aug. 21, 1913.	Decrease.
Montreal	\$4,398,575	\$50,184,975	\$15,106,400
Toronto	32,919,365	27,419,825	4,500,460
Winnipeg	19,634,681	23,640,932	4,006,251
Vancouver	8,117,574	10,770,377	2,652,703
Calgary	3,468,026	4,361,581	893,555
Edmonton	2,645,561	3,555,877	907,316
Ottawa	2,934,693	4,141,376	2,066,683
Hamilton	2,782,957	3,161,183	367,226
Victoria	2,370,998	3,130,820	759,822
Quebec	3,368,328	3,011,141	357,187
Regina	1,733,140	2,080,373	347,233
Halifax	2,132,853	2,096,057	36,796
Saskatoon	879,701	1,692,034	12,933
London	1,830,440	1,766,706	63,734
St. John	1,402,087	1,481,436	29,348
Moose Jaw	757,003	1,103,079	346,076
Brandon	611,946	105,310	506,636
Lethbridge	434,969	549,379	114,410
Fort William	402,211	459,802	57,591
New Westminster	505,149	941,207	436,058
Medicine Hat	354,525	621,063	266,538
Total	438,434	631,837	193,403
Peterboro	324,455	\$167,264,525	167,264,525

increases.

### WILL HELP AMERICANS.

New York, August 22.—The French liner Espagne leaves Havre to-day with nearly 1,000 Americans. S.S. Rochambeau of the same line will sail August 29 for New York and the Pandore substituted for La Champagne on August 31. French Foreign Office has given assurance to Ambassador Herrick that when more ships are needed they will be re-allocated.

### PRaises UNITED STATES.

New York, August 22.—The London "Economist" in referring to American Government forbidding French loan says: "United States has done honor to itself and a service to the world by maintaining neutrality in strictest sense, and refusing to allow its bankers to take profit by prolonging the carnage in Europe."

### TENDERS RECEIVED NEXT WEDNESDAY.

London, August 22.—Tenders for treasury bills amounting to £15,000,000 will be received next Wednesday. Ten million of this amount is required for a loan to the Belgium Government.

It is officially announced that the Germans have levied on Brussels £2,000,000 as a war contribution.

### U. S. BANK CLEARING DECREASE.

New York, August 22.—The Bank clearings of the United States for the week ended August 22 (one day estimated), total \$2,214,074,306, against \$2,188,847,591, previous week, and \$2,761,635,072 for corresponding week last year, or a loss of 19.3 per cent.

## BOSTON AND MAINE MAKES POOR SHOWING FOR YEAR

New York, August 22.—The Boston and Maine's annual report for the year ended June 30th, 1914, shows a deficit after all charges of \$2,044,742, as compared with a deficit the previous year (after paying out \$1,374,138 in dividends) of \$1,324,441.

The deficit of over \$2,000,000 this year, without payment of anything in dividends, is accounted for in large part by a loss in traffic of over \$1,000,000, and having to pay nearly \$1,000,000 more for discount and interest on notes.

### STANDARD OIL OF OHIO DIVIDEND.

Cleveland, Ohio, August 22.—Standard Oil Company of Ohio declared regular quarterly dividend of \$3 and an extra dividend of \$2 a share, payable October 1 to stock of record September 4. Books close September 4 and re-open September 24.

### NO EXPORT OF GOLD.

Boston, August 22.—It is understood that the Treasury Department has informally notified Boston and New York bankers that under no consideration at the moment will Treasury gold be deposited for export to Europe.

### 400 AMERICANS EXPECTED.

New York, August 22.—Lloyd Sabauda states S. S. Principe Di Udine chartered by Dock Commissioner R. A. C. Smith to bring 400 Americans from Genoa, is expected to reach port Sunday afternoon.

### CUSTOMS DUTIES LOW.

New York, August 22.—The receipts for duties at the Custom House yesterday were \$238,974, the lowest in two weeks.

### LIVERPOOL CLOSE.

Liverpool, August 22.—Wheat closed 1½ up, Oct. 7s. 10½d.; Dec. 8s. ½d. Sept. corn ½d. up at 6s. ½d.

ESTABLISHED 1864

Paid Up Capital \$7,000,000  
Reserve Fund and Undivided Profits \$7,248,134

**THE MERCHANTS' BANK OF CANADA**

PAYS SPECIAL ATTENTION TO SAVINGS ACCOUNTS

THE

**BANK OF BRITISH NORTH AMERICA**

Established in 1858.  
Incorporated by Royal Charter in 1840.

Paid up Capital \$4,866,666.66  
Reserve Fund \$3,017,333.33

Head Office: 5 Gracechurch Street, London  
Head Office in Canada: St. James St. Montreal

H. B. MACKENZIE, General Manager

This Bank has Branches in all the principal Cities of Canada, including Dawson City (Y.T.), and Agencies at New York and San Francisco in the United States. Agents and Correspondents in every part of the world.

Agents for the Colonial Bank, West Indies. Drafts, Money Orders, Circular Letters of Credit and Travellers' Cheques issued negotiable in all parts of the world.

SAVINGS DEPARTMENT AT ALL BRANCHES

G. B. GERRARD, Manager, Montreal Branch

**THE DOMINION BANK**

SIR EDMUND B. OSLER, M.P., President  
W. D. MATTHEWS, Vice-president

C. A. BOGERT, General Manager

**Banking Business in Foreign Lands**

Business Houses, Corporations, Grain, Stock and Provision Dealers will find the facilities of The Dominion Bank adequate for all foreign financial dealings.

With a Branch in London, England, and correspondents in all parts of the world, transactions are speedily effected on most favorable terms. Foreign Exchange bought and sold. Drafts and Letters of Credit issued. Advances made on shipments, both export and import. Collections promptly made and remitted for.

ORIGINAL CHARTER 1864.

**THE HOME BANK OF CANADA**

Your Account is respectfully solicited for any transaction in which a chartered bank may be of service

BRANCHES AND CONNECTION THROUGHOUT CANADA

SIX OFFICES IN MONTREAL

Main Office: TRANSPORTATION BUILDING, St. James St.  
Bonaventure Branch, 523 ST. JAMES ST.  
Hochelaga Branch: COR. CUVILLIER & ONTARIO STS.  
Mount Royal Branch: COR. MOUNT ROYAL & PAPINEAU AVE.  
Papineau Branch: PAPINEAU SQUARE.  
St. Denis Branch: 478 ST. DENIS STREET.

**Imperial Bank OF CANADA**

HEAD OFFICE - - - TORONTO

Capital Paid up \$7,000,000  
Reserve Fund \$7,000,000

This bank issues Letters of Credit negotiable in all parts of the world.

This bank has 127 branches throughout the Dominion of Canada.

SAVINGS BANK DEPARTMENT

at each branch of the bank where money may be deposited and interest paid.

MONTREAL: Cor. St. James and McGill Sts.  
BRANCHES: St. Lawrence Blvd., Maisonneuve.

**UNION BANK OF CANADA**

Dividend 110

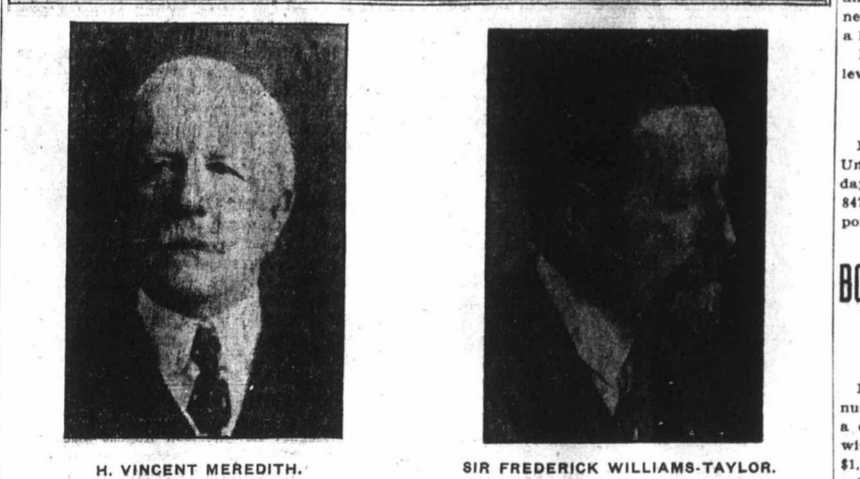
Notice is hereby given that a dividend at the rate of 8 per cent. per annum on the paid-up Capital Stock of this Institution has been declared for the current quarter, and that the same will be payable at its Banking House in this city, and also at its branches, on and after Tuesday, the first day of September next, to Shareholders of record of August 17th, 1914.

By order of the Board.

G. H. BALFOUR  
General Manager.

Winnipeg, July 15th, 1914

## LEADERS IN A PATRIOTIC MOVEMENT



### CABLES TO JAPAN

H. VINCENT MEREDITH.

New York, August 22.—Commercial Cable Company says: "Cables to Japan or via Japan must be written in plain language: Japanese, English or French. They are only accepted at senders risk, they are subject to censorship and may be stopped, delayed, etc., without notice."

Cablegrams in code may be expected from Japan, Japanese administration having arranged to admit code language in cablegrams deposited at offices of Tokio, Yokohama, Osaka, Kobe, Nagoya, Yokkaichi, Shimonoseki, Nagasaki, Moji, Sapporo, Hakodate or Otaru on condition that sender produce code accompanied by an explanation written in Japanese or French.

### SIR LIONEL WITHDRAWS

SIR FREDERICK WILLIAMS-TAYLOR.

Washington, August 22.—Sir Lionel Carden, British Minister to Mexico City, is about to retire from that post, according to the understanding among Latin-American diplomats in Washington.

A rumor current to the effect that General Carranza had suggested to Carden that his presence no longer was desirable, because of his championship of General Huerta, was said by diplomats to have probably sprung from this fact.

### NO REPLY FROM GERMANY.

London, August 22.—Japanese Embassy announced that no reply had been received from Germany in regard to ultimatum that expires to-morrow.

When the commerce of the world a few days ago was threatened with an insurance rate that for the English channel reached about 70 p.c., the British government offered to insure food cargoes as a war risk for 4 p.c. and the bottoms in which they were carried for 1½ p.c. per voyage. To-day this 4 p.c. reduced to 3 p.c.

England has done her part in the insurance on the high seas. It only remains for us, who have it and who have the most to profit by broad and liberal action, to set up the balance of the international machinery with our surplus gold. It may return us three-fold.

If the British empire can afford to insure the high seas that we may ship food to Europe in reasonable safety, why should not the Government of the United States, with its great Federal Reserve Act, unite with the bankers of New York and Chicago, and other ambitious gold reserve centres, and insure American prosperity with such a golden opportunity as was never before dreamed of?

The cry should be, "Give up our surplus gold," not that our brothers in Germany, England, Russia, France and Belgium may fight, but that both America and Europe may live, and America may prosper, while the last great demonstration is being made of the horrors and wickedness and the purposelessness of war.