

THE Journal of Commerce

Published Daily by
The Journal of Commerce Publishing Company,
Limited,
35-45 St. Alexander Street, Montreal.
Telephone Main 2662.
HON. W. S. FIELDING, President and Editor-in-Chief.
J. C. ROSS, M.A., Managing Editor.
J. J. HARPELL, B.A., Secretary-Treasurer and
Business Manager.

Journal of Commerce Offices:
Toronto—O. A. Harper, 44-46 Lombard Street,
Telephone Main 7089.
New York Correspondent—C. M. Whittington, 46
Broad Street, Telephone 338 Broad.
London, Eng.—W. E. Dowling, 25 Victoria Street,
Westminster, S.W.

Subscription price, \$3.00 per annum.
Single Copies, One Cent.
Advertising rates on application.

MONTREAL, FRIDAY, AUGUST 21, 1914.

GOLD AND NOTES

The war financing of the Canadian Government and the Canadian banks is much facilitated by the fact that the ordinary monetary transactions of our people are handled chiefly through a paper currency, consisting of Dominion Government notes and bank notes. Accustomed as they have been to the use of notes they will not be in a hurry to demand gold. Until quite recently there was no Canadian gold currency. The gold coins of Great Britain and the United States, both recognized as lawful money in Canada—"legal tender" such money is called—have always been available at the banks, but seldom used. The British gold coins were inconvenient for our currency purposes, because they were not represented by any round number of dollars in Canadian money. The sovereign at \$4.86.66 and the half sovereign at \$2.43.33 did not lend themselves to convenient calculations and that fact alone would have prevented their general use in Canadian business transactions. No such difficulty arose, however, respecting the American gold coins. These corresponded exactly in value with Canadian currency of similar denominations. Nevertheless those gold coins were seldom used. Our people have long been accustomed to the use of paper currency, which has been recognized as absolutely sound. Sometimes the use of gold was advocated on sanitary grounds, the notes being often unclean. For some years now there has been little ground for criticism on that score. Without going so far as the Bank of England, which never issues a note a second time, our Finance Department and, perhaps a little less thoroughly, our banks have taken steps to ensure reasonable cleanliness of the note issue. So far as the Government notes are concerned those that are presented for redemption are not re-issued unless they are in a clean state. The banks have gone far towards ensuring a similar improvement of their note issues. It is possible for a note to be kept in circulation in an insanitary condition, because it passes from hand to hand, without reaching the banks. But whenever a note of that kind reaches a bank it should be, and usually is, withdrawn from circulation and a new note obtained to replace it. Though there is always room for improvement, we may say that the paper currency of Canada is now in a fairly good sanitary condition. If unclean notes remain out, it is not the fault of the Government or the banks, both these issuing bodies being ready to retire the objectionable paper on presentation in the proper quarter.

According to the latest Government return in the Canada Gazette, there were in circulation Dominion notes to the amount of \$114,182,100, divided into the following denominations:

Provincial.....	\$ 27,785.25
Fractional.....	795,292.78
\$1.....	12,645,245.00
\$2.....	8,884,118.50
\$4.....	63,691.00
\$5.....	2,170,317.50
\$10.....	12,650.00
\$20.....	4,500.00
\$50.....	2,163,000.00
\$100.....	5,297,000.00
\$500 Legal Tender Notes for Banks.....	38,000.00
\$1,000.....	1,850,000.00
\$5,000.....	79,930,000.00
	\$114,182,100.00

The "Provincial" notes referred to in this statement, are notes varying from \$1 to \$500 issued by the old Provinces before Confederation. They became at the time of the union Dominion obligations. As often as one of these is presented it is cancelled and a Dominion note substituted. A considerable part of these old Provincial notes has probably been destroyed or lost beyond recovery. However, until lawfully cancelled the amount must stand in the accounts as a part of the Dominion issue.

There is not a dollar of this large issue of Dominion notes that is not represented to some extent by gold coins in the vaults of the Dominion Government. To the extent of \$30,000,000 the Government are authorized to issue these notes with a protection of 25 per cent in gold. That is, on placing \$7,500,000 in gold in the vaults the Government can issue \$30,000,000 of notes. To the extent of the seven and a half millions the note is merely a certificate of the gold that is behind it. The remaining twenty two and a half millions are issued on the general credit of the Dominion. For all the notes in excess of the thirty millions the Government must hold a gold dollar for every dollar of note issue. The gold required to be held in the Treasury—by the Receiver General and the several Assistant Receivers General throughout Canada—to support this issue of currency is as follows:

Notes to be held under the Revised Statutes of 1906, 25% on \$30,000,000	\$7,500,000
Notes to be held in excess of \$30,000,000.....	\$4,182,100
	\$11,682,100

Another provision of the law requires the holding of a reserve of 10 per cent on the amount of Savings Bank deposits. This calls for \$5,400,586, which added to the note reserve makes \$17,082,686 required to be held in the Treasury for the two purposes mentioned. Often there is a large sum in excess of the legal requirement, but the latest return shows that under present conditions the Finance Minister is unable to leave any large margin of the kind.

Specie and bullion held June 30th, 1914..... \$98,004,181.50

Required for note and savings bank reserve.....	97,082,886.31
	\$ 981,475.25

It is announced that one of the measures which the Finance Minister proposes to provide additional money is to raise the limit of the 25 per cent reserve from \$30,000,000 to \$50,000,000. Today an issue of \$50,000,000 of Dominion notes calls for a gold reserve of \$27,500,000. \$7,500,000 as dollar for dollar on the excess. Under the Minister's proposal he will be able to issue the whole \$50,000,000 on the 25 per cent basis, the issue thus calling for \$12,500,000 of gold reserve instead of \$27,500,000. The effect of the measure will be to give the Minister \$15,000,000 more money. The proposition is eminently reasonable and sound. It is some years since the note issue on the 25 per cent basis was raised from \$20,000,000 to \$30,000,000. The expansion of trade and general growth of the country would probably justify some enlargement of the sum, apart altogether from the needs of war finance. But when the urgency of the present need is considered the increase from \$30,000,000 to \$50,000,000 can easily be justified.

THE WAR TAXES

War taxes can hardly be judged in the same way as ordinary taxes. In a time of stress like the present money must be raised quickly and nobody can afford to be too critical as to the ways and means taken to obtain it. The first thoughts of a Finance Minister in need of revenue naturally turn towards the luxuries of the people. It is therefore not surprising that Mr. White proposes to get a considerable portion of his new revenue from additional taxation on spirits, tobacco and cigars. To some it may seem an easy matter to raise money in this way. But in the case of such articles there may easily be a limit beyond which taxation will not produce revenue, but will tend to the reduction of consumption, and probably to the increase of smuggling. Other commodities must, therefore, be found on which a portion of the burden can be laid.

Some of the figures in the new schedules seem to indicate that the Minister has not been content to introduce a strictly revenue measure, but has used the occasion to give further tariff advantage to interests already well treated. However, this is the time for criticism or keen inquiry into the details of the proposed taxation. Parliament will do well to accept, with the least possible delay, the measures proposed by the Government for meeting the state of war that exists, and reserve for a future occasion any criticism that may seem to be invited by what is proposed. The differences that may arise on these questions will be small as compared with the importance of the Canadian people and their representatives presenting a united front to the world in every movement designed to strengthen the position of the Empire in the great struggle in which it is engaged.

Unless that censorship lifts a little, people may possibly forget that there is a war in Europe.

The war has at least accomplished one good thing: it has given us a rest from the militant suffragettes.

Troubles multiply! Not only is the German supply of beer cut off, but our heartless government has increased the duties on other liquid beverages.

Our rich men are stepping into the breach in fine style. Hardly a day passes but one or two offers of money or private yachts are made to the Government. Canada is presenting a united front.

The long arm of British justice is exemplified every day. A recent case has just come to light through an order placed in Ottawa for twenty-four oak toboggans, which will be used by a party of Royal North West Mounted Police, who are going after the Eskimos who, more than a year ago murdered two white engineers named Street and Radford.

Canada imported from the United States last year 4,624 automobiles valued at \$5,919,776. Altogether the United States exported \$40,136,000 of automobiles and imported \$2,905,000 worth. Apparently the "Made-in-Canada" slogan is not being heeded by our citizens when it comes to the purchasing of automobiles.

Germany is making some progress through Belgium, but is losing ground in Alsace-Lorraine. Unless she is able to strike a vital blow at the Allies within the next few days, she will be forced to send a large proportion of her army to her Eastern frontier where the Russian hordes are pouring across the border. By sheer weight of numbers, the Russians should be able to overwhelm anything that comes in their way and press on to Berlin.

"A LITTLE NONSENSE NOW AND THEN"

"Pa, what do they put water in stocks for?"
"To soak the investors with, my son."—Boston Transcript.

Modern Child—No, Ethel, there isn't any Santa Claus; he's just your own father and mother.
Ethel—Ah! ain't they no Satan neither?
Modern Child (up in her corners)—No; he's just your father and mother too.—Puck.

One of the members of a deputation from the Free Church Council to the recent Wesleyan Conference, according to the Manchester Guardian, has been giving some interesting examples of old sect animosities, and among them the verse found in an old hymn book:

I'd rather be a Baptist
And have a shining face,
Than be among the Methodists
And fall away from Grace.

This is a flagrant example, but it does not stand alone. There is Macaulay's famous examination paper, for instance:—

Then read Paul's Epistles,
You rotten Arminian,
You won't find a passage,
To support your opinion.

One recalls not less the story indicating the working of the jury system in Scotland. One of the jurymen in a civil case was heard to say, "I dinna ken, ye see, that he was just a wrong in the matter in hand; but then there were these damned religious opinions of his."

THE NATIONAL BANKS OF THE UNITED STATES.

(Number Twenty-Eight in a Series of Short Articles on Business Economics.)
By PROFESSOR W. W. SWANSON.

By far the largest and most important example of a decentralized banking system is found in the United States that require consideration. These are, the national banks, the state banks, and the trust companies. The two latter do not issue notes; the trust companies, because they have no power to do so, and the state banks because their notes are subject to a tax of 10 per cent by the national government. Hence, the function of note issue is reserved for the national banks, as was intended. These banks were established in 1863, and were an outgrowth of the Civil War. Mr. Chase Secretary of the United States treasury was obliged to find funds to finance the great war that was raging between the North and South. Among other measures—including the issue of \$450,000,000 of United States notes commonly called "greenbacks"—he established the national banks. The banks of the several states were utterly inadequate to meet the needs of the nation, it was true, but Secretary Chase's idea was not so much to establish an ideal banking system as to find a market for his bonds. To that end it was decreed that a tax of 10 per cent should be laid on the note issues of all but national banks. This effectively shut out competition, and compelled all banks that wished to exercise the function of note issue to enter the national banking system. The state banks, and trust companies—which, in the United States do a very large cheque and deposit business in addition to acting in a fiduciary capacity—are thus prevented from issuing notes. This is a loss that is little felt in the cities and larger centres, where the main business of the community is carried on by drawing cheques against deposits.

The national banks may issue notes on depositing government bonds as security at the Treasury of the United States. The bonds, of course, remain the property of the several banks, which receive the interest upon them. Notes may be issued up to the par value of the bonds, but in no case may they exceed the market value if it is less than par. The bonds protect the notes, but in no case may they exceed the market value. In addition to this security for eventual redemption, each bank must keep at the Treasury a cash fund equal to 5 per cent of its circulating notes, to provide for their immediate redemption if presented. This is a redemption fund, be it noted, and not a guarantee fund, such as the Canadian banks keep at Ottawa.

Each individual national bank may issue notes only up to the amount of the bonds deposited, and the maximum is limited by the paid-up capital. The changes with regard to note circulation under the Federal Reserve Currency Act passed in 1913 will be later described; it suffices, in the meantime, to say that under this act provision is made for a greatly extended note circulation on the basis of discounted commercial paper.

Security of National Bank Notes.
Through this strict regulation, national bank notes are made secure beyond any question. Their redemption in legal tender money, owing to the compulsory system of reserves, is no less sure. Hence, the notes circulate freely, and with little likelihood of being presented by the public to the issuing bank, for redemption. Not only every individual, but every bank, treats them as safe currency, and pays them out in the ordinary course of transactions. Hence, presentation of the national bank note for redemption at the counter of the issuing bank, rarely takes place. Nor does presentation take place with regularity at the National Treasury, where the five per cent fund for redemption is kept. Thus, when national bank notes are once put into circulation their tendency is to remain there.

In addition, the national banks are anxious to keep the notes in circulation once they have bought the bonds for their protection and deposited them with the Treasury. It costs something to buy bonds, and it may involve a loss to sell them. These factors have operated in giving the United States a perfect safe bank note currency, but also a very inelastic one. In other words, it has hitherto lacked the capacity to expand or contract, according as the conditions of business demand. The Canadian bank note, on the contrary, has the element of elasticity to the highest degree. As no special security is pledged for its support the bank does not hesitate to redeem it when occasion requires, or when it is obliged to do so through clearing house transactions.

Reserves Against Deposits.
National banks are required by law to keep a stated proportion of legal tender money—specie or notes—against their deposits. There is no legal reserve for the protection of the notes, as they are regarded as absolutely secured by the bonds behind them. The legal reserve against deposits differs in different places, the general principle being that there shall be larger reserves in the bigger centres of population and smaller reserves in the less important communities. In the first group of cities a reserve of 25 per cent of the deposits must be maintained; in the second a similar proportion but half of it may be deposited at larger reserve centres; and in the third group—called "country banks"—the reserves fall to 15 per cent; but here again part may be loaned elsewhere, the banks being required to keep only 5 per cent, actually on hand in their vaults. The final result of the reserve system as a whole has been that the national banks, on the average, have not held more than 15 per cent of their deposits in cash. The rest was forwarded to the larger banks in the more important centres, finally being concentrated in the three central reserve cities—New York, Chicago and St. Louis, and of these three principally in New York. Most of these reserves have gone hitherto to New York, because there are situated the great exchanges of the nation, affording opportunities for the employment of capital. So much criticism has been directed against this system, whereby the funds of the different sections of the country were concentrated in New York, that a radical change was effected by the Act of 1913, which will later be carefully described.

National Banks, State Banks and Trust Companies.
As already stated, the national banks by no means occupy the whole field of banking in the United States. Side by side with them are the state banks and trust companies chartered under the laws of the several states. The trust companies are as a rule simply banks of deposit, differing from state banks only in that their business is less restricted by law, and that they engage widely in investment operations. In addition there are innumerable private banking firms. Most of those which call themselves "banks and brokers" are, as a rule, brokerage firms acting mainly as financial middlemen, and often acting solely as agents for speculators. Though some among them maintain a considerable deposit business, and thus are bankers in the strict sense, deposit banking tends to be confined to the incorporated banks and trust companies.

IMPLEMENT MAKERS ARE PUTTING THE NATIONAL POLICY ON TRIAL.

(Toronto Telegram.)
During the period of the present war one of the problems which Canada will have to solve will be the employment of her own people. The cessation of industry is the greatest evil which can befall this country, and to a large extent it is an avoidable evil if but the captains of industry display a little patriotism, fortitude and calmness. The gratitude of the Dominion will be due the presidents and directors of companies who play their part like men and lend their aid to the limit of their means to keep unemployment at a minimum. Certainly those who will have no claim upon the favor of any Canadian Government who do not think to-day more of the general welfare than of their own pocketbooks.

The Telegram has no knowledge of the circumstances which caused the closing of one of Toronto's greatest factories. It does know that almost as soon as the first cannon was fired, the gates of that factory were suddenly closed against thousands of working men. The fate of these men and their families is one of grave concern, not only to the City Council here, but also to the statesmen who guide the Government at Ottawa. Locally, attention must be given to the immediate problem created by the abrupt closing down of a gigantic industry, and the consequent deprivation of thousands of their means of livelihood. Whatever the city can do can be merely a makeshift remedy. The question, however, looms large if, in the very near future, the Federal Parliament will not have to take some very drastic measures in connection with the industry in question.

The National Policy is on trial. The fiscal policy of Canada has been a moderate protection not for revenue purposes only, but to allow industries to be built up in this country until they were in a position to meet foreign competition. Despite the clamor of demagogues, the intention was to promote the welfare of the Canadian workman rather than the Canadian manufacturer, though he, too, must necessarily profit from the policy which has been followed by both political parties—when in office. That policy is basically sound, for it allows the employment of Canadians in a thousand industries, and does not accept it as the destiny of the Canadian people to be "mere hewers of wood and drawers of water" for alien concerns.

Under the operation of that policy an industry was built up, employing thousands of workmen engaged in the manufacture of agricultural implements. To-day the gates of the largest concern are closed, and thousands of workmen have been thrown upon their own slim resources or upon those of the community. Those workmen will not believe that the creation of an industry which falls them at the first sign of trouble is any gleaming triumph for the policy which made such misfortune possible.

Both the Laurier and the Borden administration have again and again given thought to the amount of protection needed by the makers of agricultural implements. The western farmer has clamored for the complete abolition of this duty. Again and again concessions have been made; but there still was a sufficiently high tariff wall left to protect the Canadian implement maker from too great competition from the United States. It was argued that some protection must be maintained in order to ensure the prosperity of the implement industry, and therefore the prosperity of the workmen engaged in it. Yet, though demanding protection at home, the leading concern was able to go into the markets of the world and compete with the manufacturers of every nation. The volume of business which was done in Russia and Austria-Hungary alone is shown by the fact that because war has curtailed the demand from those nations for agricultural implements, the Toronto plant is immediately closed down.

This is indeed a situation worthy of serious thought by the advocates of tariff on agricultural implements. It seems, on the face of it, that the Toronto concern was able to go into the markets of the world and compete with the manufacturers of every nation. The volume of business which was done in Russia and Austria-Hungary alone is shown by the fact that because war has curtailed the demand from those nations for agricultural implements, the Toronto plant is immediately closed down.

The theory of protection was to give the Canadian manufacturer an advantage in the home market. It was not intended to assist any concern to earn big dividends in foreign fields. For if a company is able to meet competition thousands of miles away, it surely is in a better position to meet competition at home. The extent to which one concern has captured foreign business in the face of open competition is shown by the action of the Toronto plant in giving notice to its men. The National Policy was not created to allow any implement company to build up such a trade in Russia and Austria that the closing of those markets means the closing of a Toronto plant. The National Policy was created to ensure the employment of Canadian workmen, to keep them in Canada, to build up the cities of Canada. If those workmen and their families become a burden instead of an asset to the community in which they live, simply because the directors could see no dividends to be earned abroad, then indeed is the Canadian tariff schedule in urgent need of drastic revision. The tariff was made for the people, and not for the plutocrats—so has every Finance Minister declared. Then, indeed, is the snatching away from thousands of workmen of their means of livelihood an indictment against that item in the tariff which puts a duty on agricultural implements entering Canada. The Dominion Parliament should at once give thought whether there is wisdom in a tariff item which allows any company to reach that position in which a great company seems to have confessed itself. The makers of implements have long been in need of all the sympathy they could command in the House of Commons, and the Senate. It is for them to be aware that they do not annihilate that sympathy by failing a beneficent country in its hour of need.

What was the white you touched, there at his side? Paper his hand had clutched tight ere he died; Message or wish, maybe—smooth out the folds and see.
Hardly the worst of us here could have smiled—Only the tremulous words of a child; Prattle, that had for steps just a few ruddy drops.
Look. She is sad to miss morning and night. His—her dead father's—kiss; tries to be bright. Good to Mamma, and sweet. That is all, "Marguerite."
Ah, he beside the dead slumbered the pain! Ah, if the hearts that bled slept with the slain! If the grief died! But no—Death will not have it so.
Employers' protective associations in Germany have developed a so-called strike insurance, providing possible indemnity for those who suffer damage through labor disturbances.

If you are not already a Subscriber to the JOURNAL OF COMMERCE—the Business Man's Daily—fill in the Coupon:

You are authorized to send me THE JOURNAL OF COMMERCE for One Year from date at a cost of Three Dollars.

Write Plainly

Name.....

Address.....

Give Town and Province

BANK OF MONTREAL

Established 1817
INCORPORATED BY ACT OF PARLIAMENT
CAPITAL PAID UP..... \$15,000,000.00
RESERVE FUND..... \$15,000,000.00
UNDIVIDED PROFITS..... \$1,000,968.40

Head Office - MONTREAL

BOARD OF DIRECTORS:
H. V. MERRITT, Esq., President.
R. B. Argus, Esq.,
Hon. Robert Mackay,
C. R. Hooper, Esq.,
H. R. Drummond, Esq.,
E. R. Greenhalgh, Esq.,
Sir Thos. Shaughnessy,
R. C. Y.
A. Baumgarten, Esq.,
D. Forbes Angus, Esq.,
Sir William Macdonald,
David Morris, Esq.,
C. B. Gordon, Esq.,
Wm. McMaster, Esq.

Sir FREDERICK WILLIAMS-TAYLOR, Gen. Man.
A. D. BRAITHWAITE, Asst. Gen. Man.
Bankers in Canada and London, England, for Dominion Government.

BRANCHES at all important Cities and Towns in every Province in the Dominion of Canada.
IN NEWFOUNDLAND: ST. JOHN'S, CURLING, GRAND FALLS.

IN GREAT BRITAIN: LONDON, 47 Threadneedle St., E.C. 2.
In the UNITED STATES: NEW YORK, R. Y. HEBBURN, W. A. BOG, and J. T. MOLINER, Agents, 111 Wall Street; CHICAGO, ILL., SPOKANE, WASH.

In MEXICO: MEXICO, D. F.

BANK OF HAMILTON

ESTABLISHED 1872
Head Office: - HAMILTON

Capital Authorized - - - \$5,000,000
Capital Paid Up - - - 3,000,000
Surplus - - - 3,750,000

THE STANDARD BANK of Canada

118 Branches throughout the Dominion
A general Banking Business transacted
Correspondence Invited

THE METROPOLITAN BANK

Capital Paid Up - - - \$1,000,000.00
Reserve Fund - - - 1,250,000.00
Undivided Profits - - - 182,547.61

Head Office: TORONTO
S. J. MOORE, President.
W. D. ROSS, General Manager.
A GENERAL BANKING BUSINESS TRANSACTED

BEFORE SEDAN.

By Austin Dobson.
"The dead hand clasped a letter."—Special Correspondence.

Here in this leafy place quiet he lies,
Cold, with his sightless face turned to the skies:
'Tis but another dead;—all you can say is said.

Carry his body hence—kings must have slaves;
Kings climb to eminence over men's graves.
So this man's eye is dim; throw the earth over him.

What was the white you touched, there at his side?
Paper his hand had clutched tight ere he died;
Message or wish, maybe—smooth out the folds and see.

Hardly the worst of us here could have smiled—
Only the tremulous words of a child;
Prattle, that had for steps just a few ruddy drops.

Look. She is sad to miss morning and night.
His—her dead father's—kiss; tries to be bright.
Good to Mamma, and sweet. That is all, "Marguerite."

Ah, he beside the dead slumbered the pain!
Ah, if the hearts that bled slept with the slain!
If the grief died! But no—Death will not have it so.

Employers' protective associations in Germany have developed a so-called strike insurance, providing possible indemnity for those who suffer damage through labor disturbances.

PHYSICAL DAMAGE AT MONTEREY SM

Though Constitutionalist Sold Camped on the Property no Unnecessary Damage Was Done
NET RESULTS AHEAD OF 1913

During the Disturbed Conditions in Mexico Company From Bad Debts Did Not Amortize One-half of 1 Per Cent. of Bills Rendered.

One of the first annual reports received from Mexican public utility for 1913 is that of the Monterey Light & Power Company for the year ending December 31, 1913.

Monterey Railway, Light & Power is controlled by British interests and it is stated that it was not until October that any trouble resulted from the changed condition of the country. Then the electric plant was under attack for three days and considerable damage was done, although the electric power plant was not closed down and water damage service was continued. The gas plant was closed because of the coal supply having been blocked by military authorities.

Some showing of a compliment is paid to the constitutional forces by the statement that, although the greater part of the constitutionalist sold camped on the property of the company, no unnecessary damage was done.

British Flag Kept Flying.
The British flag kept flying over the property of the company.

In November several fires threatened destruction of the business section of the city but the high water system of the company was able to keep them. Principal loss of the company for the year was represented by decreasing earnings, and damages to properties being nominal.

By reducing operating expenses to the lowest possible limit the net results of the operation for the year were ahead of those for 1912.

Collection of accounts to the end of the year satisfactory and the loss from bad debts, despite the disturbed condition of the country did not amount to one-half of 1 per cent of bills rendered.

It is probable that the policy of the company was wisely chosen, since where accounts were promptly paid the cause of the small loss.

The company has the record of owning the steam power generating plant in Mexico which was completed at one time or another to complete close down.

No capital expenditures were made except such as were absolutely necessary for maintenance and repairs.

Travel Fell Away.
Travel on the street railway lines fell off sharply during the year and on the interurban lines also. The number of power consumers slightly increased and the light consumers materially increased in the year.

Because of the unsettled condition of the country the prohibitive rate of exchange the company deferred the interest due February 1, 1914, on debenture stock and until normal conditions return it is not probable that payments on the debentures be resumed, as the August interest has also been deferred.

While the state government owes the company quite a large sum under the water works and drainage concessions it was thought that no good would come from any attempt to force payment.

That the government of the State of Nuevo Leon intends to deal fairly with the company was shown by the payment of \$250,000 (Mexican) in October, on this account.

Officers of the company state that with a return to normal conditions in Mexico the company should prove to be a most profitable investment for shareholders.

ELEVEN EXPRESS COMPANIES

Chicago, Ill., August 21.—Official figures published by the Interstate Commerce Commission and announced by the Bureau of Railway News and Statistics for the ten months to April, 1914, that the eleven express firms for eleven express companies \$108,487, or 15 per cent. of the operating income for the corresponding period a year ago.

U.S. STATES ATTITUDE

Resolution Prompted By Activity of Belligerents the Pacific Introduced To-day.

Washington, August 21.—A resolution reaffirming the attitude of the United States toward the integrity of China was introduced by Senator Gallinger, a public leader, and referred to the Foreign Relations Committee. The text of the resolution:

"Whereas, recent developments point to extension into regions of Far East of existing armed conflict in Europe; be it

"Resolved, that the United States reaffirm its attitude as to territorial integrity of China and its adherence to the principle of 'open door' in that region."

"Be it further resolved, that the United States could not view with indifference any suggestion looking to the alteration of existing territorial status of islands of the Pacific, or to any change character of their present occupation and settlement."

Senator Gallinger also presented the following memorandum:

"The water lying between the Philippine Islands and Hawaiian Islands and to southwest, south and southeast of the latter are numerous groups of islands owned by France, Germany and Great Britain. United States owns Guam and two or three other islands and the three countries just named and United States are interested in the Samoan Islands."

"Islands owned by France, Germany and Great Britain are in easy striking distance of the Philippines, Guam and Hawaiian Islands, to say nothing of Panama and San Francisco."

JAPAN WILL TAKE ACTION

Shanghai, August 12.—All women and children and Japanese subjects living in Taing Tau, which is a Japanese most of Kiao Chau, left for fear of an attack by the Japanese fleet.

Japanese warships have been ordered to bomb Taing Tau unless Germany accepts Japan's terms soon Sunday.