

BRITISH FINANCIAL PROBLEMS

Canada, as Well as Other Empire Units, Must Carry Heavy Monetary Burden

That Great Britain is confident in the ultimate result of the war and that the financing of the campaign involves serious but not insoluble problems, are the outstanding impressions of Mr. H. V. F. Jones, assistant general manager of The Canadian Bank of Commerce. Mr. Jones arrived from London on Saturday and has assumed his new office, having held for many years the important position of London manager of the bank. Before he left England, Mr. Jones had an interview with the chancellor of the exchequer, Mr. McKenna, who was cheerful, confident and has a thorough grasp of the situation. Mr. McKenna's ingenuity in financing not only Britain's, but also several of the Allies' war expenditures, is being taxed, but as new problems arise, they are being dealt with by the chancellor in a masterful way. Mr. McKenna was pleased to learn of the successful issue of the recent Canadian domestic war loan. Judging by its result, and the excess of our exports over imports, Mr. McKenna gave Mr. Jones his opinion that the Dominion will be able to help materially in solving the numerous financial problems of the war.

No Need for Pessimism.

In an interview with *The Monetary Times* this week, Mr. Jones laid stress upon the serious nature of the financial situation which faces the Allies. There is no need for pessimism, he said, but it is necessary that the people of the British Empire should realize the task involved in financing the Empire's share of the war and the operations of some of the Allies.

"In protecting her gold reserves from the demands of the world," he continued, "Great Britain, carrying the financial burden of the Allies, adopted the customary procedure of raising the rate of interest, making the bank rate effective, and thus inducing neutrals and others to allow their balances to remain in the country. The enormous adverse balance of trade up to the present has been partially met by the sale of securities, the shipping of gold and by the recent loan and credit operations in the United States."

Shipments of Gold.

"Shipments of gold, except when undertaken for account of the treasury, are not encouraged, and the minor obstacles, such as freight, insurance and the fact that what is termed the sweated sovereign, only is paid out to such exporters, all act as deterrents. The foreign loans arranged to date will be of but transient assistance in the face of Britain's enormous imports, and the next expedient is the arrangement for the mobilization of foreign securities held in Britain. It is estimated that the value of these securities before the war amounted to £4,000,000,000 sterling, and that about £750,000,000 of this amount would be readily realizable."

Mobilizing Securities.

Discussing this plan for the mobilization of securities, announced on Monday, and which provides for the loan of foreign securities to the British treasury, Mr. Jones said that investors who do this, will receive in exchange, a certificate of use for the ordinary purposes of collateral and be guaranteed an interest return of $\frac{1}{2}$ per cent. more than the securities are bearing.

"It is proposed to take over the holdings of those who may later wish to sell at the mean price of the securities in the public market on that particular day," he added, "but this proposal has its apparent defects, and an alternative suggestion is to pay the seller of the securities in treasury bills. The scheme will probably effect the mobilization of from £150,000,000 to £200,000,000 sterling, and as the New York banks will be quite willing to lend against United States securities, it is hoped by these means to raise exchange to the level of the sweated sovereign, say \$4.76, when freight and insurance are taken into consideration."

Compliments for Canada.

In asking for a further vote of credit of £400,000,000, in November, Premier Asquith stated that further loans would not be required until February. The sum to be obtained from the mobilization of securities, together with the proceeds of the recent loan and the new bankers' credit of \$50,

000,000 recently arranged in New York, Mr. Jones thinks will carry the situation well into the New Year. He also met the governor and deputy-governor of the Bank of England before leaving London. They were impressed with the financial strides Canada has made lately. "The manner in which Canada has weathered the financial crisis brought about by the war and converted an enormous debit balance of trade into a substantial credit has been the source of numerous complimentary remarks from British financial experts and of great satisfaction to all interested in Canada and the future of the Dominion," said Mr. Jones.

RAILWAY EARNINGS

The following are the railway earnings for the first week of December:—

Canadian Pacific Railway.			
	1915.	1914.	Increase.
Dec. 7	\$3,046,000	\$1,766,000	+ \$1,280,000
Grand Trunk Railway.			
Dec. 7	\$1,012,326	\$ 865,052	+ \$ 147,274
Canadian Northern Railway.			
Dec. 7	\$ 830,600	\$ 502,700	+ \$ 327,900

BANK OF OTTAWA

With the problems of 40 years' banking successfully handled by its management and directorate, the Bank of Ottawa shows the usual strong position in its latest annual report just issued. The year's earnings were less than in 1914 and amounted to \$531,268, a decrease of \$89,423, compared with 1914.

Dividends were paid at the rate of 12 per cent. and took \$480,000; the government war tax on circulation was \$33,263, making a total deduction of \$513,263.

The bank's total assets amount to \$55,329,826, and the proportion of this which is quickly available for realization is \$23,781,790, or 43.3 per cent. An increase in liquid assets is thus shown totalling around \$7,000,000. Current loans are \$27,209,977 and municipal loans \$1,672,744.

The bank's liabilities show that circulation is \$3,966,030, the total deposits amount to \$41,869,627.

The balance sheet indicates that the Bank of Ottawa, with the other banks whose reports have been issued recently, has met war conditions with commendable enterprise and proper conservation. To Mr. George Burn, the general manager, an excellent banker, who follows the best British banking traditions, and to his capable staff, rightly goes considerable credit for the present position of the bank.

DEALING IN BILLIONS OF DOLLARS

THE RECORD OF THE MOST ASTONISHING FINANCIAL YEAR IN HISTORY.

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