

WAR HAS TESTED THE BRITISH BANKING AS IT NEVER WAS TESTED BEFORE

Not Only has Public Shown no Disposition to Hoard Money After They Realized at Very Outset of Hostilities That to Keep Even Moderate Sums of Cash in Hand was Unpatriotic, but Have Placed as Much Additional Money as Possible on Deposit With Bankers

London, May 15 (by mail).—The Statist says that British banking has been tested since the War began, as never before, and everyone will admit that it has emerged from the ordeal with colors flying. One must recognize, however, that part of the credit for the exceedingly satisfactory banking situation existing to-day must be given to the British people, who from the very beginning of the War have enjoyed complete confidence in their capacity to accomplish every duty they were called upon to perform, and whose faith in the military, naval, economic and financial strength of Great Britain has never wavered for an instant. Not only have the public shown not the slightest disposition to hoard money after they realized at the very outset of the War that to keep even moderate sums of cash in hand was unpatriotic, but have placed as much additional money as possible on deposit with British bankers. Hence the deposits of the joint stock and private banks of this country since the war began have increased by upwards of £100,000,000 from about £1,100,000,000 to over £1,200,000,000, while the deposits, Government and private, of the Bank of England have risen from £46,000,000 to £219,000,000. The latter expansion, of course, arises from the exceptional magnitude of the Government balances, and the larger cash balances in the Bank of England of the joint stock banks. Nevertheless, when due allowance is made for credit operations it is evident that the accumulation of real money in the banks representing actual floating wealth somewhere in the world has been upwards of £100,000,000, a much greater sum than was ever previously accumulated in our banks in a similar period.

In ascribing credit for the high place our banks have continued to hold in public estimation, and their increased strength since the war began, we must not forget the important part played by the valuable services rendered by the Chancellor of the Exchequer and by the Government, who came forward at the beginning of the war both to reassure the public everywhere as to the stability of the British money market and to take measures to make that stability still greater in order that our bankers might face with complete assurance every eventuality which might arise during the war. For this purpose the Government agreed to guarantee the due payment of all recognized bills of exchange, whether drawn before the war or at any time during the war, and, where necessary, to release the drawers and endorsers of such bills from their liability as parties to the bills by supplying acceptors with the funds necessary to meet the bills at maturity. Inasmuch as about 30 per cent. of the funds of British banks are employed directly and indirectly in the discount of bills, this statementlike action of the Government has greatly assisted to increase the confidence of the public in British banking.

And the result of it all has been the greatest addition to their deposits ever witnessed by our bankers.

The main features of the arrangement between the money market and the Government were officially summarized as follows:—

(1) The Bank of England will provide where required acceptors with the funds necessary to pay all approved pre-mortgage bills at maturity. This course will release the drawers and endorsers of such bills from their liabilities as parties to these bills, but their liability under any agreement with the acceptors for payment or cover will be retained.

(2) The acceptors will be under obligation to collect from their clients all the funds due to them as soon as possible, and to apply those funds to repayment of the advances made by the Bank of England. Interest will be charged upon these advances at 2 per cent. above the ruling bank rate.

(3) The Bank of England undertakes not to claim repayment of any amounts not recovered by the acceptors from their clients for a period of one year after the close of the war. Until the end of this period the Bank of England's claim will rank after claims in respect of post-mortgage transactions.

(4) In order to facilitate fresh business and the movement of produce and merchandise from and to all parts of the world, the joint-stock banks have arranged, with the co-operation, if necessary, of the Bank of England and the Government, to advance the clients the amounts necessary to pay their acceptances at maturity where the funds have not been provided in due time by the clients of the acceptors. The acceptor would have to satisfy the joint stock banks or the Bank of England both as to the nature of the transaction and as to the reason why the money is not forthcoming from the client. These advances would be on the same terms as regards interest as the pre-mortgage bill advances.

Furthermore, bankers have themselves adopted a still more conservative policy than formerly in employing their funds. Of the addition of about £100,000,000 to their deposits last year they retained no less than £69,000,000 as cash in hand or at the Bank of England, and placed nearly £31,000,000 in investments, presumably War Loan. If it is true they increased their advances by £20,000,000, but this money was provided by reducing their call loans and bills discounted. For the purpose of showing the great increase in the deposits of our bankers last year, and the conservative manner in which the additional funds were employed, we give the following statement:—

Combined Balance Sheet of the Banks of the United Kingdom, Exclusive of the Bank of England.

	1914.	% of Total.	Increase.
Capital paid up	£70,632,000	5.2	£5,570,000
Reserve funds	48,299,000	3.4	4,412,000
Total	118,931,000	8.6	10,082,000
Notes in circulation	20,708,000	1.5	4,727,000
Acceptances	50,770,000	3.7	12,688,000
Deposits and current accounts	1,167,255,000	85.7	96,574,000
Profit balance	6,546,000	.5	452,000
Total liabilities	1,262,120,000	100.0	88,083,000

	Assets.	% of Total.	Increase.
Cash in hand, at Bank of England, etc.	£221,595,000	16.3	£69,287,000
Money at call and at short notice	122,239,000	9.0	23,392,000
Investments	241,742,000	17.8	30,808,000
Bills discounted	161,540,000	11.8	6,856,000
Advances	536,319,000	39.4	30,529,000
Liability of customers for acceptances	50,770,000	3.7	12,688,000
Bank premises, etc.	27,915,000	2.0	386,000
Total assets	1,262,120,000	100.0	88,083,000

NOTE.—In all cases bankers do not separate their cash from their call loans or their bills discounted from their advances. To give a comprehensive view of the manner in which banking funds are employed, we have assumed that the experience of banks that do separate these items from the other, is that of all the banks, and we have apportioned the amounts on this basis.

Since the end of December bankers' deposits show a further increase of nearly £10,000,000, taking the experience of the London clearing banks as a guide. On the other hand, their cash in hand and at Bank of England has been somewhat reduced by the heavy payments to Government account of taxation, of war stocks, of Exchequer bonds, and of Treasury bills. The further growth in the deposits of our bankers since December will be evident from the following statement of the deposits and cash of 11 clearing banks at the end of each month since January, 1914:—

	Deposits and Current Accounts.	Cash in Hand and at Bank of England.	% of Deposits.
1914.	£	£	%
January	564,346,390	91,166,865	16.1
February	560,591,567	86,004,216	15.3
March	555,565,647	82,838,385	14.9
April	582,865,295	95,918,497	15.3
May	567,226,558	96,964,556	15.1
June	580,937,327	91,176,245	15.9
July	597,844,090	91,553,871	15.3
August	616,140,775	124,825,444	20.2
September	626,270,724	138,795,446	22.1
October	629,216,286	142,180,656	22.6
November	557,067,196	157,949,599	24.0
December	657,454,452	146,547,111	22.2
1915.			
January	662,690,505	140,317,548	21.1
February	666,577,508	136,816,895	20.5
March	678,833,760	14,997,983	19.8
April	691,356,057	142,359,623	20.5

The greatly increased cash strength of the individual London clearing banks at the present time in comparison with what it was prior to the war, notwithstanding the unprecedented increase in their deposits, will be evident from the following:—

	Deposits and Current Accounts.	Cash in hand and at Bank of England.	Ratio of cash to Deposits.
Name of Bank	April, 1915.	April, 1914.	April, 1915.
Capital and Counties	45,625,430	29,808,460	6.177,543
Lloyds	124,937,917	92,848,703	27,916,275
London City and Midland	135,275,778	95,474,402	31,498,309
London County and Westminster	107,448,734	85,658,578	22,475,463
London and South Western	23,655,784	21,168,736	4,877,112
London Joint Stock	41,421,286	35,071,019	7,808,350
National	15,339,538	14,527,408	3,012,084
National Provincial	78,850,703	68,265,757	12,597,140
Par's	53,821,157	46,846,772	11,538,996
Union of London	46,060,273	40,912,250	9,904,739
Williams Deacon's	18,884,357	15,282,180	3,064,764
Total end of April	691,356,057	562,865,295	142,359,623
Coutts & Co.	12,914,000	2,085,000	16.1
London and Provincial	23,023,346	4,246,054	18.4
Total	727,293,403	568,889,077	20.4

Thus, whereas last year the Clearing Banks held a proportion of 15.3 per cent. of cash to deposits and current accounts, at the end of April this year they held 20.4 per cent.

Since the end of December the banks have employed their additional deposits mainly by investing them. This is shown by the experience of the London Clearing Banks, whose deposits since December have increased £35,441,000, or over 5 per cent., and who placed as much as £28,662,000 of this sum in investments and £3,347,000 in money at call and at short notice. For the purpose of showing how the banks have employed the additional funds they have received on deposit since December we give the following statement:—

	April, 1915.	Total.	% of Increase.
Deposits, etc.	£727,293,403	88.5	£35,441,298
Assets:			
Cash in hand and at other banks	148,689,079	15.1	4,747,321
Money at call and at short notice	72,728,442	8.8	8,747,135
Investments	137,095,650	16.7	28,358,380
Bills discounted	57,975,794	7.1	4,144,109
Advances	359,249,470	43.7	3,060,591
Liability for acceptances	29,842,753	3.6	11,600,369
Bank premises, etc.	16,114,291	2.0	509
Total assets	821,606,479	100.3	21,441,324

Thus in about 16 months the addition to the deposits of British banks, excluding the Bank of England, has been as much as £140,000,000, or 13 per cent. Of this sum they have employed about one-half in investments in War loans, and the other half they have kept in cash in their vaults or in the Bank of England. The money employed by the banks in advances, in discounts, and in call loans, has, on balance, remained practically stationary, a moderate expansion in advances having been attended by a reduction in the sum placed in call loans and bills. The reduction in the sum employed in the London mar-



PREMIER SALANDRA.
The head of the Italian Government, has been the leader in the movement to join the Allies.

ket in call loans and discounts was, of course, due to the large amount of post-mortgage bills taken to the Bank of England for discount under the terms of the Government's guarantee and to the considerable quantity that has since been placed in cold storage by the central institution. Taking into account the amount of money locked up in Continental bills, which can only be collected after the war, the net reduction in the bills held by the joint-stock banks and by the discount houses is very small. Indeed, since the transference of bills to the Bank of England and in the autumn the joint-stock banks have largely replenished their portfolios with bills they have themselves discounted.

The Bank of England, as the Government banker, has been called upon to play an unusually important and responsible part in the financial transactions of the country during this war crisis, and its operations must be kept entirely separate from those of the other banks of the country. In the first place, it was entrusted with the task of taking care of all recognized bills of exchange not paid at maturity and which came under the operations of the Government's guarantee. In the second place, it was entrusted with the task of issuing the Government loans and receiving the instalments as they were paid up. In the third place, it undertook to make advances to persons desiring to subscribe for Government loans. Fourthly, it has been entrusted with the much greater cash balances accumulated by the joint-stock banks in consequence of the war. And, lastly, it has itself subscribed a considerable percentage of the Government loans. All these transactions have brought about enormous growth in its deposits and in its assets.

PRESIDENT ARCHIBALD PREDICTS DIVIDEND FOR CAMAGUEY.

Halifax, N.S., May 28.—The former directors were re-elected at the annual meetings of the Trinidad Electric, Demerara Electric and Camaguey Electric, all of which were held yesterday.

The various reports, issued some time ago, were adopted. Regarding Camaguey, President Archibald was asked if there was a likelihood of the resumption of dividends this year. His reply was that the company's financial position was gradually improving. The debt had been reduced and it would be practically wiped out by December next. There was therefore the possibility that a small dividend on the common stock would be payable after January next.

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UNITED STATES POSTAL DEFICIT FIRST HALF YEAR WAS \$6,482,719

Washington, D.C., May 28.—Figures given out at the Post Office Department for the first half of the current fiscal year show a deficit of \$6,482,719 as compared with the corresponding period of last year. Receipts were \$143,249,848, expenditures \$149,716,972.

Eighty per cent. of the total expenditures involved six principal items as follows: Railroad transportation, \$27,142,715; rural delivery service, \$25,244,046; clerks in post offices, \$21,967,804; city delivery carriers, \$20,423,205; compensation to postmasters, \$25,238,682; and railway postal clerks, \$13,902,243. The number of international money orders issued in foreign countries and paid in the United States was 141,907, amounting to \$3,616,118. By comparison with the period from July 1 to December 31, 1913, the decrease in the value of domestic money orders issued amounts to 3.65 per cent. and of international orders issued to 44.70 per cent.

Postmaster General Burleson attributes the deficit to the European war and points out that the principal losses of revenue were sustained in the receipts from first class and foreign mail and international money order business.

The department's reports on the foreign mail service show that the weight of the mails dispatched to foreign countries during the present fiscal year will show the following percentage of decrease compared with the fiscal year ended June 30, 1914: Letters and post cards, 21 per cent., other articles 35 per cent.

"Were it not for the parcel post," says Mr. Burleson, "the deficit for the first half of the present year undoubtedly would be much larger."

"A steady increase of postal receipts is now reported and constitutes indisputable proof of returning prosperity."

SET ASIDE \$550,000 TO IMPROVE SERVICE

United Railroads of San Francisco
Must now do This Each Year

MAY BE REORGANIZATION

No Details or Confirmation of the Report Can Be Secured—May Ask For a Renewal or Extension of Its Franchise.

San Francisco, Cal., May 28.—As a result of its investigation into the affairs of the United Railroads of San Francisco, which is controlled by the United Railways Investment Co., through the California Railway & Power Co., the California Railroad Commission has ordered that the company set aside \$550,000 a year for a period of three years for the purpose of bettering and improving the street railway service and system in San Francisco.

It is provided in the order that the \$550,000 to be set aside each year \$250,000 may be expended annually by the company as it may deem necessary for the upbuilding of the properties and \$300,000 a year shall be used for additional facilities, extensions, for the improvement of service or for the fulfilling of franchise obligations, but the expenditure of this \$300,000 a year shall be under direction of the commission.

In regard to the \$1,095,000 of assets of United Railroads taken from the treasury under the Calhoun regime for investment in the Solano Irrigated Farms project the commission has found that apparently all of this sum, with the exception of \$207,538, went into the project. No explanation has been made as to what became of the latter sum. Commenting on this diversion of assets, the commission said: "In the absence of a restitution or the presentation of a plan which would bring about the restoration of the funds, this commission will not look with favor upon any disbursement by this company in the form of dividends to its stockholders. It is necessary for the United Railroads to conserve its assets and funds for the purpose of building up its property, of properly serving the city of San Francisco with street railway transportation and of meeting its obligations."

The commission again criticizes the bookkeeping of the company, and says that instead of a surplus in its treasury there is really a deficit. On the evidence now at hand the commission says that there was apparently a deficit of \$4,000,000 June 30, 1914, while the books of the company showed a surplus of \$1,018,635. Conflicts in testimony render this conclusion liable to contest by the company. The commission will submit to the company the particular items that it claims constitute this deficit and invite another hearing to afford the company the opportunity to submit further testimony showing that the deficit at the time in question was, or is now, less than the amount determined by the commission.

The decision of the commission reviews the financial history of United Railroads from the time of the earthquake and fire and states that the present executive head of the company, Jesse W. Lillenthal, is eager to rehabilitate the finances of the corporation. The permission for a rehearing on the financial condition of the corporation is granted specifically to avoid any unwarranted obstacles in the way of the present management in its efforts in this direction.

In its remarks relating to the surplus account the commission said: "The evidence shows that the expenses incidental to the so-called graft prosecutions were charged to a suspense account with the idea that they should be assumed by the holding companies." The commission places the total debt of United Railroads at \$11,700,000, but says that a comparison with the value of other similar systems would indicate that the value of the physical property of the company will not reach that figure.

President Lillenthal, after the decision, said: "My policy would have been not to declare any dividends, notwithstanding the commission's decision. My own opinion in the matter accords entirely with that which the commission has expressed. As far as the proviso that we spend \$550,000 annually on improvements is concerned, I may say that we are spending that amount now. I shall be glad to have the co-operation and counsel of the commission in connection with the outlay of that money and in connection with any other matter. I shall be glad to share the responsibility with the commission."

Since the decision of the commission it is reported from San Francisco that plans are being discussed for a reorganization of United Railroads. It is said that included in these plans is a scaling down of the \$23,000,000 4 per cent. bonds and increasing their interest rate to 5 per cent. and a readjustment of the capital stock. No details or confirmation of the reports can be obtained, but an officer of the company said:—"Since the state has told us how it expects us to handle our affairs we may have to work out a definite plan to carry out its directions." It also is said that in connection with any plan for reorganization the company will again ask the voters for San Francisco to adopt a charter amendment renewing or extending its franchise.

HAVE DEPENDED ON FOREIGN FINANCIERS

South American Countries Have Looked to Europe for Funds to Promote Industries

RUIN IN TRAIN OF WAR

Their First Concern, Outside of Retrenchment, Was to Have Various Loans Taken Over by Some Other Agency, Presumably in the United States.

Washington, D.C., May 28.—Greater success is expected of the financial conference of the delegates from Central and South America. It has been designed for the purpose of accomplishing some tangible results. Washington has been the scene of a number of previous conferences between men and bankers of the United States and delegates from Central and South America, and while it appeared on the surface that serious attention was given these conferences they accomplished but little. Trade experts of the United States have noticed but a very little increase in the commerce between the Latin American countries and the United States as a result. On the other hand it is hoped that the conference now in progress will have a very decided improving effect upon the relations of the countries of the Western Hemisphere.

When it was announced that the important work of the conference would be done in committee meetings much speculation was heard as to the unusual method of procedure. But it is now realized that the committee method will accomplish two important results. It will result in accomplishing a greater quantity of work, and it will bring about closer co-operation between the delegates of the United States and the delegates from the Latin American countries.

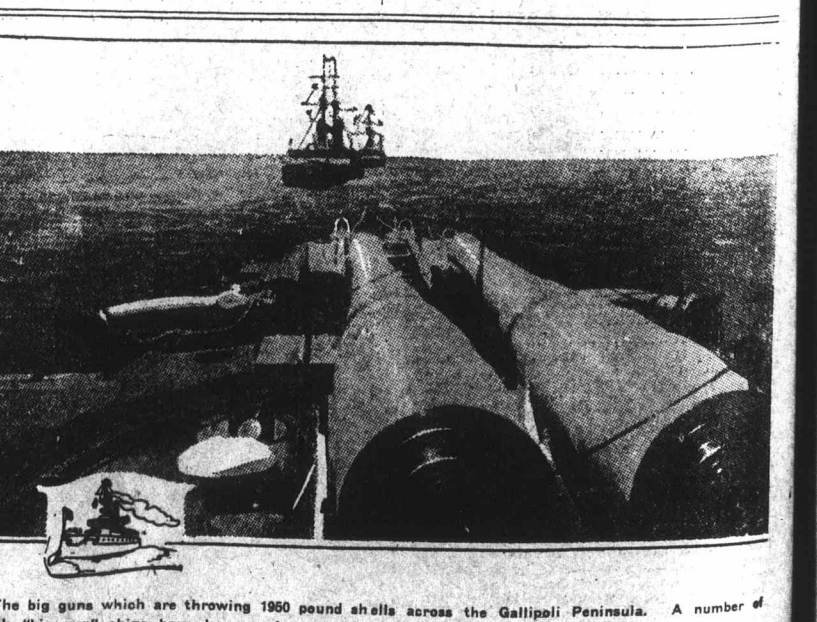
Soon after the outbreak of war in Europe a conference of the Latin-American delegates was called to meet with the business men of the United States. This conference was held under the auspices of Secretary of State Bryan and Secretary of Commerce Redfield. Several days were spent in talk. Practically nothing was accomplished of a tangible sort. Privately it was declared by some who attended the conference, it was impossible to talk business with the persons who were even more excited over the emergency of the world was then facing than the business men of the United States themselves. The visitors proceeded upon the theory that they had been invited to appear to state what financial and other country might desire of the United States. When it was explained to them that the United States needed all of her resources to protect her own industries, and that she could not lend money to other nations, or the peoples of other nations, the visitors had practically nothing more to discuss.

While the first conference was a failure it gave the incentive and suggested the idea for the present conference from which so much is being expected. This time, however, it has been decided to divide the delegates from each of the representative countries and send them into private conference with a group of bankers and business men of the United States. This will afford an opportunity to the visitors to explain in detail and in confidence, if necessary, the actual conditions prevailing in their countries. The American bankers and business men with whom these matters are discussed may then and there enter into tentative negotiations for mutual benefit. While nothing of the kind is being said officially, it is expected that the American bankers and business men now in conference with the Latin-American delegates will go home with some very important contracts in their pockets, or if not the contracts themselves, a tentative agreement for the making of such contracts.

The South American countries have always depended upon European financiers to provide capital for their industries. With the outbreak of war loans negotiated in Europe were cancelled, and these Latin-American countries saw nothing but ruin before them. Naturally their first concern was to have these loans taken over by some other agency and their industries continued. It was evident that for a time they failed to recognize the merit of retrenchment and self-dependence.

In the meantime the United States went through a severe strain but without a financial panic. The manner in which the crisis was tided over has been a lesson to a number of the Latin-American countries, and for this reason these countries are now showing a higher respect for the United States. The first hysteria over the critical emergency has passed, and now our neighbors are better prepared to negotiate with the United States not so much for aid as for mutual protection. The Latin-American countries are said to be upon a much firmer industrial basis now than last July and August. Deals which may now be entered into will be made with a full knowledge of their worth to the parties on both sides.

PRICE OF LEAD ADVANCED.
New York, May 28.—American Smelting and Refining Company has advanced the price of lead 10 points to \$4.40.



The big gun which are throwing 1600 pound shells across the Gallipoli Peninsula. A number of British "big gun" ships have been sunk.

PROFITS ON ITS WAR

Winchester Repeating Arms Co. has made about as large a profit as any American corporation as a result of the war. It is stated that the company has actually in hand \$1,000,000 and \$8,000,000, a sum equal to the par of the stock. Of course a fair test, because the Winchester has a capitalization and its stock is selling at \$15.50 per share. On its own account, the company stands to make \$1,000,000 from the test of dividend payment. It is expected to earn the equivalent of the current rate of 60 per cent. However, that sooner or later it will adjust its capitalization to figures in accordance with its real asset position. It could do this by paying a substantial dividend and still maintain a dividend of 60 per cent.

The company is said to be planning new buildings of close to \$2,000,000 will be paid for out of the big profits of the sale of rifles and ammunition to the government. It includes a new 10,000 kw. power plant with the most modern type of turbines. Part of the war orders consists of 100,000 rifles and 800,000 cartridges. The company is turning out large quantities of other types of ammunition.

COPPER AT LONDON

London, May 28.—Spot Copper £78.50. Futures £79 12s. 6d. up £1 7s. 6d. Spot tin £163 3s. up £1 5s. futures £168 up £1. Sales spot £20 5s. off 3s. 9d. Spelter £10 10s. off 1s. 6d.

Atna Chemical Company Limited.

PUBLIC Notice is hereby given that Part of Chapter 79 of the Revised Statutes of the Dominion of Canada, known as "The Companies Act," have been issued under the Seal of the Dominion of Canada, bearing date the 1st day of May, 19