

The Commercial & Financial Chronicle

INCLUDING

Bank & Quotation Section
Railway Earnings Section

Railway & Industrial Section
Bankers' Convention Section

Electric Railway Section
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CLEARING-HOUSE RETURNS.

The following table, made up by telegraph, &c., indicates that the total bank clearings of all the clearing houses of the United States for the week ending to-day have been \$4,361,304,137, against \$5,159,512,616 last week and \$3,496,513,842 the corresponding week last year.

Clearings—Returns by Telegraph.

Week ending May 13.			
	1916.	1915.	Per Cent.
New York	\$2,134,982,127	\$1,754,633,135	+21.7
Boston	160,508,085	144,161,831	+11.3
Philadelphia	187,837,000	121,979,699	+54.0
Baltimore	33,493,535	26,107,421	+28.2
Chicago	312,402,360	270,860,607	+15.3
St. Louis	81,798,373	67,978,916	+20.3
New Orleans	23,879,442	15,752,018	+51.6
Seven cities, five days	\$2,934,000,922	\$2,401,373,627	+22.2
Other cities, five days	710,418,942	580,042,461	+22.5
Total all cities, five days	\$3,645,319,864	\$2,981,416,088	+22.3
All cities, one day	715,984,273	615,097,754	+39.0
Total all cities for week	\$4,361,304,137	\$3,496,513,842	+24.7

The full details for the week covered by the above will be given next Saturday. We cannot furnish them to-day, clearings being made up by the clearing houses at noon on Saturday, and hence in the above the last day of the week has to be in all cases estimated, as we go to press Friday night. We present below detailed figures for the week ending with Saturday noon, May 6, for four years:

Clearings at—					Week ending May 6.				
		1916.	1915.	Inc. or Dec.			1914.	1913.	
		\$	\$	%			\$	\$	%
New York	3,190,286,840	2,635,666,916	+21.1	1,736,452,134	1,703,007,155				
Philadelphia	258,616,071	165,832,423	+55.9	151,374,602	165,711,999				
Pittsburgh	67,019,954	63,808,131	+24.6	55,776,199	53,910,946				
Baltimore	45,424,644	36,862,332	+23.2	36,212,600	36,316,357				
Buffalo	17,959,010	12,133,536	+48.0	13,125,107	12,046,208				
Albany	5,480,715	7,169,481	-23.6	6,123,971	6,005,126				
Washington	10,367,997	9,125,273	+13.6	8,306,815	9,031,850				
Rochester	7,194,544	6,826,068	+58.0	5,349,921	4,462,193				
Syracuse	3,114,464	3,426,684	-9.1	3,946,355	3,258,118				
Reading	4,216,015	3,759,366	+12.2	3,306,241	2,724,502				
Wilmington	2,680,144	2,181,220	+21.4	2,180,739	1,962,020				
Wilkes Barre	1,935,305	1,817,964	+25.2	1,873,817	1,349,655				
Wheeling	2,648,407	2,207,947	+0.7	1,600,000	1,534,975				
Trenton	2,400,000	2,167,128	+11.3	1,995,115	2,181,782				
York	1,238,368	1,049,004	+18.0	1,083,056	1,021,612				
Lancaster	1,853,494	1,664,493	+12.0	1,644,331	1,637,330				
Erie	1,443,517	1,025,784	+48.8	1,052,783	1,027,374				
Greensburg	850,000	719,288	+39.7	849,492	562,242				
Blackston	970,000	788,800	+23.1	735,900	744,300				
Chester	1,203,859	626,363	+92.1	739,550	666,127				
Altoona	711,242	613,631	+15.9	580,598	492,158				
Montclair	505,285	393,269	+28.5	451,299	515,857				
Total Middle	3,630,417,556	2,950,793,409	+23.0	2,036,638,912	2,012,348,200				
Boston	247,030,740	187,596,842	+31.7	142,441,186	160,092,599				
Providence	10,196,900	8,400,100	+21.4	7,517,000	6,727,600				
Hartford	9,117,734	7,661,778	+19.0	5,615,628	4,936,417				
New Haven	4,750,000	4,077,750	+16.6	3,380,052	3,055,702				
Springfield	4,395,100	3,961,219	+44.1	2,851,909	2,719,502				
Worcester	3,495,988	2,743,389	+27.4	2,390,432	2,731,930				
Portland	2,665,998	2,131,436	+25.1	2,137,602	2,122,241				
Fall River	1,535,678	1,357,826	+13.1	1,336,971	985,351				
New Bedford	1,520,580	1,040,483	+46.1	1,123,153	908,394				
Lowell	989,028	844,332	+17.3	800,598	586,691				
Hyloke	1,211,160	859,049	+15.1	700,625	468,472				
Bancor	747,936	667,201	+60.0	457,086	481,640				
Total New Eng	287,556,908	220,161,435	+30.8	170,827,186	186,019,484				

Note.—For Canadian Clearings see "Commercial and Miscellaneous News."

Clearings at—

Week ending May 6.

		1916.	1915.	Inc. or Dec.			1914.	1913.	
		\$	\$	%			\$	\$	%
Chicago	442,855,178	355,137,436	+24.7	332,013,092	313,192,370				
Cincinnati	34,133,650	26,582,350	+28.3	24,603,530	24,336,000				
Cleveland	39,419,454	30,509,946	+28.9	24,842,536	22,808,158				
Detroit	38,417,988	16,649,184	+13.0	23,534,199	23,604,160				
Milwaukee	19,800,000	8,866,595	+25.0	16,935,600	14,535,441				
Indianapolis	11,400,000	6,856,595	+25.0	6,335,500	6,387,394				
Columbus	8,465,400	6,856,595	+25.0	6,335,500	6,387,394				
Toledo	8,797,755	5,780,010	+32.2	6,262,272	4,744,464				
Peoria	4,243,865	3,050,628	+39.1	3,278,499	3,661,392				
Grand Rapids	4,350,731	3,666,075	+24.1	3,327,833	3,206,190				
Dayton	3,274,285	2,108,506	+55.3	2,592,473	2,244,133				
Evansville	1,649,758	1,471,101	+3.5	1,324,651	1,488,844				
Port Wayne	1,622,913	1,375,261	+21.7	1,282,147	1,174,186				
Springfield, Ill.	1,673,145	1,375,261	+21.7	1,282,147	1,174,186				
Akron	3,958,000	2,100,000	+71.3	1,704,000	1,588,000				
Rockford	932,869	828,662	+12.5	992,514	1,008,808				
Youngstown	2,326,044	1,332,318	+74.0	1,346,157	1,947,415				
Lexington	707,726	668,498	+5.8	634,653	796,867				
South Bend	1,046,503	961,250	+8.8	739,552	705,946				
Springsfield, O.	979,031	744,135	+31.6	801,680	656,847				
Bloomington	687,163	717,154	-23.7	679,487	627,171				
Quincy	1,645,460	969,463	+7.8	865,694	846,576				
Canton	2,711,244	1,700,000	+59.5	1,490,132	1,633,003				
Jackson	882,621	945,000	-61.9	495,000	501,459				
Mansfield	650,516	524,429	+24.0	476,164	475,719				
Decatur	663,568	511,158	+29.7	442,248	475,719				
Danville	775,184	780,676	-1.9	525,000	551,887				
Lansing	1,027,236	658,128	+56.1	602,889	384,334				
Jacksonville, Ill.	492,602	524,440	-6.0	452,649	336,116				
Lima	750,475	552,556	+35.8	478,113	418,689				
Ann Arbor	350,000	294,111	+19.0	261,323	231,822				
Owensboro	355,945	348,896	+1.8	427,735	395,264				
Adrian	77,523	80,370	-63.5	73,439	69,326				
Tot.Mid.West.	640,452,632	503,240,515	+27.3	469,193,799	444,351,947				
San Francisco	66,078,294	50,897,605	+29.8	50,387,294	49,545,569				
Los Angeles	25,244,412	22,028,966	+14.6	24,321,600	25,276,389				
Seattle	14,546,261	12,436,463	+19.8	11,545,047	12,585,413				
Portland	14,300,000	10,994,055	+30.1	11,891,716	11,688,459				
Salt Lake City	8,522,186	5,765,216	+47.8	5,675,680	5,424,089				
Spokane	4,849,756	3,763,980	+28.9	4,016,638	4,036,607				
Tacoma	2,043,886	1,808,383	+13.0	2,164,221	2,637,403				
Oakland	4,605,839	3,398,327	+35.5	3,596,360	3,849,715				
San Diego	2,111,462	1,573,892	+34.2	2,124,748	2,999,290				
Sacramento	2,700,123	1,786,505	+51.2	2,075,438	2,244,552				
Fresno	1,116,613	945,660	+18.1	1,015,420	1,108,830				
San Jose	845,694	803,910	+5.2	997,954	1,092,856				
Stockton	1,009,910	925,160	+16.2	697,796	654,231				
North Yakima	461,271	414,161	+28.7	918,362	837,159				
Reno	320,000	292,092	+10.9	292,183	407,998				
Long Beach	682,389	629,257	+8.4	629,257	295,651				
Total Pacific	150,244,416	118,956,153	+26.3	122,214,813	126,300,161				
Kansas City	91,179,609	75,444,750	+20.8	52,102,782	54,600,595				
Minneapolis	26,453,150	21,320,744	+24.1	24,758,221	21,370,432				
Omaha	23,263,309	21,067,546	+10.4	17,690,612	17,320,583				
St. Paul	15,597,499	12,598,745	+23.8	11,275,580	8,627,015				
Denver	12,300,000	10,219,511	+20.4	9,423,048	10,160,567				
St. Joseph	9,172,125	8,082,968	+13.5	7,419,090	8,116,316				
Des Moines	7,502,922	6,120,859	+22.6	6,971,073	5,236,947				
Duluth	6,844,603	4,911,186	+22.1	4,679,089	4,405,484				
Sioux City	4,726,217	3,942,196	+19.9	3,605,636	3,370,224				
Wichita	4,329,574	3,581,294	+20.9	3,569,855	3,569,855				
Lincoln	3,681,859	3,240,325	+13.6	2,271,213	2,177,828				
Topeka	1,619,630	1,583,595	+2.3	1,666,396	1,640,731				
Davenport	2,198,100	1,978,610	+11.1	1,736,645	1,843,975				
Cedar Rapids	2,011,415	2,037,614	-1.3	1,690,345	1,609,809				
Fargo	1,807,805	1,136,189	+59.1	968,818	510,606				
Colorado Springs	925,358	805,616	+14.9	566,62					

THE FINANCIAL SITUATION.

The creation of a Federal Wage Commission is the latest suggestion for dealing with the demands of railroad employees for increases in wages. The purpose of course is to avoid the calamity of a general railroad strike, such as is threatened in connection with the present controversy between the railroads and the four classes of trainmen, who are contending for a basic eight hour day and rate and a half for overtime, namely the locomotive engineers, the firemen, the conductors and ordinary train hands.

The idea of a Government Wage Commission is suggested by Professor William Z. Ripley of Harvard University. Arguing that present methods of settling disputes between employees and the roads are inadequate, he urges that a governmental wage commission must be created that can consider all phases of rates and pay. "Is it not about time for an Administrative Wage Commission to deal with such controversies as these authoritatively," he asks. "Such a body, with permanence of tenure, might be constituted, like the present arbitration boards, of members representing specifically the three parties in interest, including, that is to say, the public. Wages and rates surely ought to be co-ordinated. A prime advantage would be its competency to open up all the railway schedules for examination down to the foundation. Many items now ignored in the present practice of nibbling, quibbling and dodging might be comprehended within the range of its examination."

The United States is the most Commission-ridden Government in the world, and under the circumstances it is perhaps not surprising that still another Commission should be proposed. Theoretically, what Professor Ripley says is sound enough, but experience teaches that in practice the plan would not work. The trouble with commissions is that it is impossible to eliminate the political element or factor in their working. The members of such bodies may be all unconscious of the fact, but if they do not respond to the desires of those who have the deciding vote at the polls on election day, which happens to be the laboring classes, these forming a majority of the country's voting constituency, they cannot endure. Supposing such a Wage Commission established, the members, no matter how high minded, could not fail to be influenced by the feeling that if in any given controversy they gave a decision adverse to the men the powerful labor vote would immediately get busy and have the Commission legislated out of office again. Obviously, however, if such a Commission must of necessity always side in great measure with the employees, the railroads would be no better off than they are at present, and the Commission itself would have no reason for existence.

How the railroads would fare at the hands of such a commission may be judged from their experience with the Inter-State Commerce Commission. What have the railroads not suffered from being under the dominion of the Commerce Board? None of our readers needs to be told how difficult it has been for the carriers to obtain simple justice from that all-powerful body. How biased it has always been against the roads, how it has persisted in the habit of treating them as if they were outlaws without rights, and how in differences between the roads and ship-

pers it has invariably assumed the role of prosecutor instead of acting in a judicial capacity and determining controverted points strictly on their merits. We would not have to go back a great many years to find repeated instances where one or more members of the Commerce Commission acted on arbitration boards and awarded liberal increases in wages and then in conjunction with the other members of the Commission refused to grant advances in transportation rates which would enable the roads to meet the yearly additions to expenses resulting from the higher wage awards.

Professor Ripley of course does not overlook the fact that Federal machinery for the settlement of railroad disputes is provided under the Newlands Act of 1913, but there are certain fundamental defects in this law, in his estimation, one of which is that it does not furnish permanent arbitrators who have become experts by reason of experience and technical proficiency. We may admit that a permanent body, if it could act with absolute impartiality, would be well qualified for settling controversies between the employees and the roads, but we have already indicated why the members of such a Commission would always have to lean strongly in favor of the employees or else run the risk of losing their jobs. The truth is, temporary arbitration boards, even though without the training and the fitness that comes with continuance in the same line of work, offer to the roads a much better chance of obtaining fair treatment than could be counted on from a permanent body, since the members of such temporary boards do not have to consider the effects of any decision on their own fortunes, and furthermore, there is always a chance that men of independent thought and action may perchance find a place on such temporary boards and settle the issues on their merits.

As a matter of fact, the suggestion of a Government Wage Commission must be treated as wholly academic and as hardly worth serious consideration. Railroad employees would never consent to the establishment of such a board. They would be divesting themselves of the immense powers they now possess, and the occupation of their leaders would be entirely gone. These leaders will see to it that this shall never happen. In the event supposed, decision would rest entirely with the Wage Commission. The power the unions now possess to threaten a strike and to carry out the threat would be entirely gone. The strike weapon is the most effective means they possess for coercing the roads into accepting their demands. We may be sure that no influential body of employees will ever urge upon Congress passage of a wage commission bill or any other measure that would leave to the employees no other means of compelling compliance with their demands than the presentation of facts and arguments in support of their claim.

Professor Ripley asks if it is "too much to expect that the unions, with full representation upon such a board, should recognize that their calling is so far affected with a public interest that the guaranty thereby afforded might safely be accepted as a fair offset for abrogation of their present right to strike." Most assuredly it is too much to expect anything of the kind. Labor knows its power under present conditions and is not likely to surrender it, or to transfer it into other keeping.

Professor Ripley contends that "the instant effect of a general strike is the alienation of public sym-

pathy from the aggressor," and again that "the political reaction against a general strike would be immediate and overwhelming." Far from it. The "instant effect" of a general strike would be that the public would become panic-stricken and demand that the strike be terminated without loss of time and their appeal would be, not to the men, but to the roads. The roads would be urged to grant the increases or to make such other concessions as would satisfy the men, and lead to the calling off of the strike. At the best, the roads could only hope for arbitration of some sort, and in such arbitration the men would be sure to get at least part of their demands. The railroads cannot afford to ignore public sentiment or to treat it with indifference. In the contingency supposed, indeed, public pressure would be so urgent that the roads would have no alternative but to yield.

On the other hand, the employees are not amenable to public sentiment. Suppose in this instance they defy the public, they obviously stand to lose nothing. The public is interested only in a resumption of transportation facilities and with every road in the country tied up the employees know they have only to remain firm in order to obtain what they want.

The deplorable feature is, as we have many times pointed out, that these railway employees should have been permitted to gain a position of such great power. If each road had insisted in dealing with the demands of the men in its own way without reference to the action of other roads, or even if the roads had taken the matter up in territorial groups, as has been the custom in the recent past, the possibility of a general strike, involving every road in the country, could never have come up. Instead of that, however, the roads have chosen to make the question a general one and have agreed to dispose of it by joint action, the roads all standing or falling together. In doing this they have assumed tremendous responsibilities, of grave proportions, and no easy way out of the difficulty is discernible.

What is sadly needed at this juncture is a little courage on the part of railroad officials. They have for years been showing timidity in dealing with the employees where stern resolution was required. They have been afraid of the employees, afraid of public sentiment, afraid of themselves, and, most of all, afraid to incur a strike. Thus they have become victims of their own unfortunate policy, compelled to assume, against their better judgment, one wage increase after another.

A general railroad strike cannot of course be permitted, for it would suspend all activity for the time being, but the roads have only themselves to blame for having allowed things to come to a pass where a general strike is possible. Yet wage increases cannot go on forever, and looking back now one cannot but regret that no railroad executive has been bold enough to grapple with railroad labor and fight the issue out, even though a strike might have resulted. A tie-up even of one or two systems would have to be deplored, but it could not fail to teach a wholesome lesson, the fruits of which would endure for all time.

At present railroad employees have an intimate acquaintance only with the fact of wage increases. There is need that they should know that there is a limit to the movement and that the movement cannot proceed much further without the roads being wrecked. But we are afraid it is impossible that this lesson should be taught now, since under the action of

the roads the employees have been raised to a point of vantage where they can dictate their own terms.

On this the first occasion of a nation-wide demand, it is only a matter of policy and of judgment as to how far the employees will deem it best to press their advantage, but they hold the roads in complete subjection and, whatever course in that regard the leaders of the men may decide upon, ultimate surrender on the part of the roads is inevitable.

A less favorable winter-wheat-crop outlook than for several seasons past is indicated by the official report made public by the Department of Agriculture on Monday. It is true, of course, that condition now is stated to be a little better than it was on April 1, but even at that the status of the crop is much below last year, or 1914 at date, and measurably under the average for a series of years. Furthermore, as we intimated a month ago would likely be the case, unfavorable conditions during the winter have been responsible for an unusually large abandonment of area in important producing localities. Private reports, to which we referred at that time, indicated that the Central States and Texas had been most adversely affected, and this is confirmed by the official pronouncement. The abandonment in the Central States running as high as 30% in Indiana and 33% in Illinois and ranging from 18 to 25% in Ohio, Wisconsin, Minnesota, Iowa and Missouri, is explained as having been due in the main to late seeding on a wet and poorly prepared seed bed, followed by an unusually severe winter. An ice sheet formed by sleet and snow in January and the severely cold weather remained in many sections until April, killing much of the wheat growth; drought and low temperature was a handicap later, resulting in a comparatively low current condition of the plant in the sections mentioned. Similar conditions were operative in Montana and Washington, while in Texas the ravages of green bugs during the winter and drought caused a 33% abandonment of area. It is not surprising, therefore, that the tentative estimate of yield of winter wheat, which is made a part of this May 1 report, should show large declines in product in all the States to which reference is made above. In fact, of the States prominent as winter-wheat producers, Kansas stands out as the only one promising an increased product in 1916. With the situation as outlined above, we are prepared to learn that the current official estimate of the winter-wheat crop is only about 500 million bushels, assuming average variations in weather to prevail hereafter. Rye, too, holds out a less encouraging prospect. Furthermore, spring planting is not so well advanced as a year ago, the cold weather of April having acted as a retarding influence.

The official report on winter wheat May 1 shows that although an improvement in condition of 14. points occurred during April, the average of 82.4 May 1 contrasts with 92.9 on the same date a year ago, 95.9 two years ago, 91.9 in 1913 and a ten-year mean of 87.5. The abandonment of area as a result of winter killing, moreover, has been very much above the average of recent years, the Department making it no less than 4,236,000 acres, or 11.4% of the territory seeded last fall, leaving under cultivation, therefore, only 33,020,000 acres, or 7,433,000 acres less than the area harvested last year and 2,988,000 acres smaller than that from

which the 1914 crop was obtained. Assuming an average season hereafter the Government, following the plan inaugurated some five years ago, reaches the conclusion that a condition of 82.4 on May 1 indicates a product of approximately 15.1 bushels per acre; and that figure applied to the 33,020,000 acres estimated as remaining under cultivation at this time would give a yield of 499,380,000 bushels. This total contrasts with the final estimate of last year of 655,045,000 bushels, or a falling off of 155,665,000 bushels and compares with 684,990,000 bushels in 1914—the standing record—and 523,561,000 bushels in 1913.

Immigration into the United States quite recently has shown a tendency toward increase, although yet of very limited extent and naturally so with the war in Europe still being vigorously prosecuted, and means of transportation, to say the least, uncertain. The movement of aliens in this direction in the latest reported month (March) was 33,685 (27,586 immigrants and 6,099 non-immigrants), that total comparing with 26,335 in March last year, while for the three months of 1916 the arrivals totaled 85,237, against 65,723. There has, moreover, been somewhat of a contraction in the outflow of aliens since the first of the year, so that striking a balance between the inward movement and the efflux the net gain in the foreign-born population for the three months is found to be 50,514, against only 4,812 last year. How small these figures are will appear when contrasted with the net arrivals of 129,810 in the period in 1913. To the current three months' net arrivals all the countries at war have contributed, Italy to the greatest extent, yet the quota from that country—6,447—seems insignificant when compared with the net loss of 133,972 during the 18 months ended December 31 1915.

The commercial failures situation in the United States in April 1916, reflecting the conditions prevailing in trade and manufacturing channels of the country, was of the same favorable nature as disclosed by the compilations for several months previous. The striking features are that the number of insolvencies is the smallest since August last and much less than April a year ago, the volume of indebtedness is strictly moderate, if not small, being less than for the same month of any year since 1912, and that there were no failures for conspicuously large amounts. As regards this last remark, however, it is to be explained that the month's result does not include the default of a large real estate investments concern in New York, involving \$24,500,000, that default not being one that could properly be classed among the commercial casualties.

The compilation of Messrs. R. G. Dun & Co., which furnishes the basis of our remarks, indicates that the number of mercantile defaults in April this year was 1,399, involving \$18,382,637, contrasting with 2,063 for \$43,517,870 a year ago, 1,336 for \$20,549,144 in 1914 and 1,314 for \$18,445,355 in 1913. The exhibit in the manufacturing division is a very favorable one, most of the lines included showing a marked improvement as compared with a year ago, and the aggregate indebtedness at \$6,452,195, contrasting with \$9,705,889. In trading lines and due in great measure to the Greenhut failure for 12¾ millions in 1915, very much smaller

liabilities are revealed this year, \$7,086,599, comparing with \$26,909,676. Brokers', agents' &c.' debts for the month of 1916 reached \$4,843,843, or over 2 million dollars less than in the preceding year.

For the four months of 1916 the aggregate number of insolvencies is 6,786 and the amount of debts \$79,875,383, which not only makes a distinctly favorable comparison with the 9,279 defaults for \$149,520,905 for the like period of 1915, but as regards liabilities, is much below either 1914 or 1913—in fact, 24 millions and 16½ millions respectively. In each of the various divisions into which the failures are segregated, the total of indebtedness is considerably smaller than for the four months of 1915, with the trading group especially conspicuous. Specifically, liabilities in that division for the period this year were only \$38,134,760, against \$75,621,815, with dry goods and carpets and general stores the lines most favorably affected as they felt most severely the stress of a year ago. Among manufacturers, too, a marked improvement is revealed, the four months' indebtedness of this year at \$30,259,405 falling over 25½ million dollars under that for 1915 and nearly 11 millions below 1914. Brokers', agents', &c., liabilities of \$11,481,218 compares with no less than \$17,681,646 a year ago and \$15,574,232 in 1914.

The Canadian failures statement for the month also reflects improvement in mercantile and industrial conditions in comparison with 1915. The result for the month is 155 defaults with liabilities of \$1,800,905, against 194 for \$2,400,505 a year ago, while for the four months of 1916 the insolvencies numbered only 751, involving \$11,145,346, against 792 for \$18,037,420 in 1915 and 802 for \$7,877,128 in 1914.

Our relations with Germany have reached a much more satisfactory shape. President Wilson on Monday forwarded to Ambassador Gerard at Berlin a reply to the German note of last week. In it he has made the position of our Government quite clear and at the same time seems to have eliminated all opportunities for misunderstanding based on technicalities. The reply appears in full on a later page of this issue. It especially notes as indicating the purpose of the Imperial Government as to the future, that that Government is "prepared to do its utmost to confine the operations of the war for the rest of its duration to the fighting forces of the belligerents," and that "the Imperial Government is determined to impose upon all its commanders at sea the limitations of the recognized rules of international law upon which the Government of the United States has insisted." Accepting the Imperial Government's declaration of its abandonment of the policy which has so seriously menaced the good relations between the two countries, the Government of the United States, continues the President, "will rely upon a scrupulous execution henceforth of the now altered policy of the Imperial Government such as will remove the principal danger to an interruption of the good relations existing between the United States and Germany." The Government of the United States "feels it necessary to state that it takes it for granted that the Imperial German Government does not intend to imply that the maintenance of its newly announced policy is in any way contingent upon the course or results of diplomatic

negotiations between the Government of the United States and any other belligerent Government, notwithstanding the fact that certain passages in the Imperial Government's note of the 4th inst. might appear to be susceptible of that construction." Additional evidence of the probability that Germany is sincere in its determination to alter its methods of submarine warfare is contained in press dispatches purporting to give a summary of the speech of Dr. von Bethmann Hollweg, the German Imperial Chancellor, at a secret sitting of the General Committee of the Reichstag on May 5. This we quote on a subsequent page.

The White Star Line steamer *Cymric*, formerly in the New York-Liverpool passenger service, was torpedoed on Sunday last without warning by a German submarine. The crew at once abandoned the vessel but subsequently returned and endeavored to take the ship into port. In this they were unsuccessful. The vessel carried no passengers and no Americans among the crew. On this account it is possible that President Wilson will make a new issue of the apparent violation of Germany's promise to conduct cruiser warfare only, involving the necessity of visit and search. The *Cymric* left New York on April 29 for Liverpool. Her cargo consisted very largely of munitions, but her agents insist that she was not under charter to the British Government and that her status was that of a regular freight-carrying liner.

The British Premier, Mr. Asquith, has gone to Dublin for the purpose of investigating the Irish situation on the spot and conferring with the military authorities regarding the Government's policy, in view of the resignations of the chief civil administrators, Lord Bimborne, Augustine Borrell and Sir Matthew Nathan. He has urged upon the commander of the British forces a prompt inquiry into the shooting of Editor Skeffington of the "Irish Citizen," whose execution without trial seems to have aroused intense indignation throughout Ireland. The Prime Minister, it is reported, agrees with the Government's critics that the shooting of Skeffington was apparently an atrocious act, but he thoroughly approved the execution of the rebel leaders, of whom fourteen have been shot after court-martial. The Premier intimated that S. McDiarmad and Eamon Ceannt, two of the signers of the Republican proclamation, would receive the death penalty. James Connolly, commander of the rebel army, now in prison recovering from his wounds, in all probability will be executed. Newspaper accounts differ as to whether Mr. Asquith will attempt to establish some form of home rule for Ireland on his present visit, thus eliminating the cause for disaffection in the Nationalist counties.

The military operations of the week in the European contest continue to centre in the Verdun district. The Germans are continuing their dogged and persistent attempt to break through the French lines, but are being firmly held back. The French War Office yesterday gave out a brief statement denying that any basis existed for reports that the French at one stage of the Verdun battle contemplated retiring from the forts northeast of Verdun and defending the citadel on the west bank of the Meuse. Two attempts by the Germans on Thursday night to recapture positions on the western slope of Dead

Man's Hill taken by the French on May 10, were frustrated by French artillery fire. Artillery is active about the Avocourt wood, and the bombardment in the Douanmont-Vaux section continues. Answering an inquiry as to why the Germans want Verdun Senator Berenger, a French military expert, writing in the Paris "Matin" yesterday, says that "the key to the war lies in the possession of the Briey Valley between Verdun and Metz. Since the war began," says the Senator, "France, having lost the Briey basin, has been obliged to import almost all the iron required from England and America, while Germany, having occupied the whole Briey Valley, is able to add 21,000,000 tons to her own annual output. This explains the assiduity of the Germans at Verdun. They want to capture the fortress so as effectually to prevent the French from attacking Metz. In a confidential memorandum addressed to Chancellor von Bethmann Hollweg on conditions of future peace by Germany agricultural associations on May 20 1915, the following passage occurred, 'if the production of iron and steel had not doubled since August 1914, the continuation of war would have been impossible. The Briey region now produces 60 to 80% of our iron and steel and if that production was hampered the war would be practically lost.' "

A severe duel is in progress around the Hohenzollern redoubt between the British and Germans. The Russians and Germans on the Eastern line also are keeping up active bombardments at various points, as likewise is the case in the fighting between the Austrians and Italians in the mountainous region of the Austro-Italian theatre. Constantinople reports that in the Caucasus region around Mt. Kope the Turks in an attack drove out the Russians from positions about 9½ miles in extent and forced them to retreat eastward. Likewise to the eastward of Mamahatun the Turks report that they have put the Russians to flight. The Germans who recently were defeated in the Konroa, Irangi, district of East Africa have been reinforced and are now advancing on the British. It has been announced that the British Government will permit under certain stipulations the feeding of the civilian population of Poland by an American commission.

The negotiations that have been in progress during the week between Gen. Hugh L. Scott, Chief of Staff of the United States Army, and Gen. Obregon, Mexican Minister of War, have ended without appreciable result and the entire diplomatic questions that have been under discussion and which have dealt with the continuance of American troops in Mexico have been transferred to Washington and to Mexico City. Unless action is forced by the Mexicans, the American army probably will make no forward move while negotiations between the two capitals are being conducted. In fact, Gen. Pershing, in command of the American expedition, is consolidating his forces in order to be better prepared for possible attack. Active preparations along the Arizona-New Mexico-Texas border will be made, however, and Gen. Funston expects to strengthen all points that might be objectives of raiding parties. Mexican bandits again crossed into American territory on Wednesday night and attacked American civilians as well as the military forces. The raid occurred four miles north of Boquillas at an ore-terminal station, and directly behind Major Langhorn's column,

which up to that time had not crossed into Mexico. After a short skirmish the bandits fled.

Silver mine stocks are in demand on the London Stock Exchange. According to cabled accounts, these are the feature of activity at the present time. The high price of the metal is converting into profitable enterprises mines that have been shut down, following in this respect much the same lines as copper producers. The British Treasury is finding a steady demand for bills. In turn this is permitting the Government to delay its offering of the proposed new war loan until conditions sufficiently improve to guarantee an enthusiastic oversubscription. The sales of Treasury bills last week amounted to £27,000,000. It is understood that the rate is being maintained this week. Some observers believe that the Government intends to continue as long as possible to finance the war by means of short-term loans. The aggregate of the issues of Treasury bills now is £633,000,000. Silver has ruled irregular during the week. It closed at 37d. per ounce, the identical price of a week ago. Strikes in the textile industry have exerted a restraining influence on London Stock Exchange speculation. In addition, the promise of labor troubles to follow the enforcement of compulsory military service has likewise been a deterrent influence.

The British Government is continuing to secure deposits of American securities under the loan part of its mobilization scheme. A slight modification in the regulations has been agreed to in response to widespread requests, the new feature providing that in the event of the Treasury deciding to sell the securities that are deposited under the loan scheme, the person or corporation making the deposit may redeem the securities by paying the equivalent price in dollars in New York if desirous of avoiding the sale. The Stock Exchange Committee has taken action that will tend to force executors to sell to the Treasury for mobilization purposes. Provisionally it has ruled that American securities in the names of executors are not a good delivery. The uprising in Ireland has ceased to attract active attention on the Stock Exchange. Press cables suggest that if anything the outbreak—now that the danger has passed—is regarded as a steadying influence, since it removes at one stroke an influence that was quite generally feared and in many circles was known to exist.

British trade continues to improve steadily, imports, according to the Board of Trade statement for April, indicating an increase of £2,046,000 when compared with the corresponding figures of a year ago, while exports increased £4,648,000. Imports of foods and chemicals were large, but the receipts of cotton indicate a deficit of £2,500,000. There were increased exports of manufactured articles of which iron and steel products as well as cotton textiles increased £1,250,000 each. The exports of cotton goods during April reached the improved total of 400,117,000 yards, which compares with 380,746,000 yards in April a year ago. The export totals for April and for the four months ending with April are given in the following comparisons:

	April.		Since Jan. 1.	
	1916.	1915.	1916.	1915.
Imports.....	£75,724,288	£73,678,288	£304,464,026	£281,930,026
Exports.....	36,817,733	32,169,733	147,507,328	116,770,328
Excess of imports.....	£38,906,555	£41,508,555	£156,956,698	£165,168,698

The various exchanges in London having withdrawn their opposition, a "daylight-saving" resolution was adopted by the House of Commons on Monday last by a vote of 170 to 2. The resolution provides that clocks shall be put forward one hour in order to save light and fuel. The action was taken on motion of Sir Henry Norman, who explained that he estimated the economy in lighting alone would be \$12,500,000 a year. Herbert Samuel, Postmaster-General, announced that the resolution will put the time forward one hour on the night of May 20-21; it will be changed back again on Sept. 30. Many London Stock Exchange members are closing their offices and winding up their affairs, owing to the necessity of responding to the demand for compulsory service. This is a feature that is also inducing investors to wind up engagements with their brokers. It is announced that the recent expectation of the final abandonment of minimum prices on the London Stock Exchange is unlikely to be fulfilled in the early future, so far as Indian and some home funds are concerned, owing to the continued opposition of certain influential bankers. The fixed prices of British railway prior charge stocks, however, are to be lifted on Monday. The readjustment is not unlikely to result in some liquidation of securities that have been unsalable since the war began.

The French plan for the mobilization of French-owned securities has, presumably, been placed in immediate operation, though to date no announcement is available as to the degree of response to the Government's invitation. Argentine, Brazilian, Dutch, Egyptian, Scandinavian, Spanish, Swiss and Uruguayan State funds, Spanish railway securities and Suez Canal shares are included in the plan. This somewhat enlarges the list that was published last week. No mention is made of American securities. The French Treasury agrees to add 25% to the net annual return of securities deposited with it. This compares with an addition of a flat ½% added to the dividend or interest rate under the British plan. In the events of securities being sold by France, a payment will be made to the owners on a basis of the highest market quotation during the preceding quarter. "Bearer" securities alone are eligible. The period of the loan is fixed at one year as a minimum and three years as a maximum. The ability of the French troops to resist the German attacks at Verdun seems the source of firmness that has been displayed on the Paris Bourse. An urgent necessity for the more general use of checks is receiving active attention in French financial circles at the present time. This subject was introduced at the French Political Economy Society this week at a meeting of the Society by Charles Ricot, director of Industrial and Commercial Credit, who explained the reason why the use of checks has not developed in France. This backwardness, he argued, was due to the lack of a clearing house to exchange bank paper. At the same meeting M. Deschamps, Chief of Economic Studies of the Bank of France, explained that the increase in paper in France is much less than in Germany, Russia and even England, to the surprise of those who attributed the rise in French exchange to the large outstanding amounts of French bank paper. Yves Guyot, Chairman of the meeting, said that he did not consider that the paper had influenced the exchange rate; there was another

and simpler cause. "We buy heavily in the United States and England," he continued, "and hoarding our gold, pay in paper, little of which is returned because we have little merchandise to export. Bank of France paper is of no importance to foreigners. They want the means of payment which suits them and of which our supply is small. What we must fear is an increase of bank notes after the war. The Government's first duty will be to reimburse the Bank of France for its advances, allowing it to re-establish gold circulation. It will be the Bank's business to replace as quickly as possible superannuated currency and paper payments by checks and clearing house methods."

The Paris "Temps" states that the French Mint, which in ordinary times coined annually 8,000,000 to 10,000,000 francs in silver, will this year coin more than 80,000,000 francs. It is estimated that purchases of silver are probable to the extent of 400,000 kilos at a cost of more than 40,000,000 francs. Samuel Montagu & Co. of London, in a recent circular, state that the Norwegian Parliament, following the example of the Danish and Swedish Parliaments, has passed a bill authorizing the King to exempt the Bank of Norway temporarily from the obligation to buy gold.

Advices cabled from Berlin state that President Wilson's note in response to that of the German Foreign Office formed the all-absorbing topic on the Berlin Bourse, where, quoting a special correspondent of the New York "Times," cabling under date of May 10, "almost without exception it was interpreted very optimistically. As a result of it the remarkable strength shown by the Berlin market in the last few days continues, while the transactions showed the utmost liveliness with rising quotations in many specialties. The total volume of business was considered unusually large." Other press dispatches from Berlin announce that all parties in the Reichstag have united in support of a bill for complete reconstruction of buildings in East Prussia and Alsace-Lorraine destroyed during the war and for the relief of families deprived of supporting members by enemy invasions.

Official bank rates at the leading European centres remain at 5% in London, Paris, Berlin, Vienna and Copenhagen; 5½% in Italy, Norway, Sweden and Portugal; 6% in Russia and 4½% in Switzerland, Holland and Spain. In London the private bank rate continues to be quoted at 4½% for sixty and 4¾% for ninety-day bills. Cables from Berlin still give 4¾% as the private bank rate at that centre. No reports have been received by cable of open-market rates at other European centres, as far as we have been able to learn. Money on call in London remains at 4@4½%.

The Bank of England this week registered the substantial increase in its gold item of £1,893,779, in sharp contrast with the heavy loss of the week preceding. Note circulation expanded only £93,000; hence the total reserve increased £1,800,000, while the proportion of reserves to liabilities advanced to 31.37%, which compares with 30.92% a week ago and 21.06% at this date last year. Public deposits showed the large increase of £6,389,000, although other deposits were reduced £2,582,000. Loans to Lombard Street (other securities) this week increased

£2,033,000. The bank's gold holdings now stand at £59,362,767, against £63,628,442 the year preceding and £35,806,352 in the pre-war period of 1914. Reserves amount to £43,386,000, compared with £47,075,727 in 1915 and £25,553,697 last year. Loans aggregate £79,410,000, against £143,072,712 and £38,456,772 one and two years ago, respectively. The Bank reports as of May 6 the amount of currency notes outstanding £108,379,565, against £107,704,152 last week. The amount of gold held for the redemption of such notes remains at £28,500,000. Our special correspondent furnishes the following details of the gold movement into and out of the Bank for the Bank week: Inflow, £2,415,000 (of which £1,834,000 bar gold bought in the open market, £225,000 released from miscellaneous account and £356,000 net received from the interior of Great Britain); outflow, £521,000 (of which £315,000 exported to Spain, £4,000 to Uruguay and £202,000 bar gold sold.) We add a tabular statement comparing for the last five years the different items in the Bank of England return:

BANK OF ENGLAND'S COMPARATIVE STATEMENT.

	1916.		1915.		1914.		1913.		1912.	
	May 10.	May 12.	May 12.	May 13.	May 13.	May 14.	May 14.	May 15.	May 15.	May 15.
Circulation	£34,423,000	£35,002,715	£28,702,655	£28,601,010	£28,782,085					
Public deposits.....	54,832,000	127,864,334	18,610,669	13,059,103	16,770,463					
Other deposits.....	83,442,000	95,614,594	38,774,384	38,486,454	39,589,123					
Govt. securities.....	33,187,000	51,043,491	11,048,670	12,879,075	14,155,013					
Other securities.....	79,410,000	143,072,712	38,456,772	30,878,754	30,630,822					
Reserve notes & coin	43,386,000	47,075,727	25,553,697	26,210,971	29,499,353					
Coin and bullion.....	59,362,767	63,628,442	35,806,352	36,361,981	39,832,338					
Proportion of reserve to liabilities.....	31.37%		21%	44.50%	50.25%					
Bank rate.....	5%		5%	3%	4½%					

The Bank of France in its weekly statement reports another loss in its gold holdings of 95,972,000 francs against a gain last week. The silver item also decreased 2,568,000 francs. Notes in circulation were again increased 9,343,000 francs. General deposits also showed a reduction of 59,918,000 francs; bills discounted decreased 50,844,000 francs, while Treasury deposits registered a gain of 15,840,000 francs, and the Bank's advances increased 3,139,000 francs. The Bank's gold holdings total 4,714,995,000 francs, compared with 3,915,650,000 francs last year and 3,674,325,000 francs in 1914. Silver on hand aggregates 353,608,000 francs, against 375,225,000 francs and 629,425,000 francs one and two years ago, respectively. Note circulation is 15,432,427,000 francs. At the corresponding date last year it was 11,738,050,000 francs, and in 1914 5,844,225,000 francs. General deposits now stand at 2,225,797,000 francs, comparing with 2,322,175,000 francs the year preceding, and in 1914 692,775,000 francs. Bills discounted amount to 3,136,943,000 francs, as against 871,035,000 francs last year and 2,178,275,000 the year previous. Treasury deposits are 34,674,000. Last year they aggregated 80,150,000 francs and 149,175,000 in 1914.

The Imperial Bank of Germany in its statement, issued on May 10, showing its condition as of May 7, reported a further small increase in its gold holdings of 800,000 marks. Loans and discounts were reduced 86,000,000 marks, while note circulation also decreased 54,000,000 marks and deposits 94,000,000 marks. The Bank's gold now aggregates 2,462,000,000 marks, against 2,373,348,000 marks last year and in 1914 1,326,761,000 marks. Loans, discounts and Treasury bills, combined, total 5,051,000,000 marks, which compares with 3,866,694,000 marks in 1915 and 930,146,000 marks the preceding

year. The Bank's note circulation totals 6,642,000,000 marks. At this date in 1915 it amounted to 5,242,392,000 marks and 2,006,450,000 the year previous. The gold reserve covering circulation and banking notes increased to 37.1% from 36.8%. Money borrowed by loan banks for all war loans decreased 59,000,000 marks to 2,099,000,000 marks.

The local money situation has not developed noteworthy features during the week. No particularly large demands have appeared on the capital market, although there have been sales of American securities on British Treasury account. No specific estimate is available as to the volume of these sales. The demand for commercial paper is fully equal to, if not in excess of, the supply, but buyers are not disposed to bid against each other in their desire to make purchases. Last Saturday's bank statement of the New York Clearing House, which will be found in fuller detail in another part of this issue, indicated a further large decrease in loans of \$27,635,000. Net demand deposits in their turn, again showed an important reduction—\$46,766,000, although net time deposits expanded \$15,877,000. Reserves in "own vaults" were decreased \$10,579,000, to \$444,460,000, of which \$372,104,000 is specie. Last year the amount in own vaults was \$419,777,000, including \$347,648,000 in specie. The surplus in Federal Reserve banks this week showed an increase of \$409,000 to \$165,411,000, which compares with \$119,550,000 a year ago. Reserves in other depositories registered an expansion of \$594,000 to \$57,157,000, against \$27,534,000 last year. Note circulation declined \$82,000 to \$31,682,000. Aggregate reserves recorded a decrease of \$9,576,000, which brought the total to \$667,028,000, compared with \$566,861,000 the year preceding. The reserve required also declined \$7,231,080; this served to bring about a further reduction in the surplus reserve of \$2,344,920, and carried the total amount of excess down to \$95,902,190, as against \$162,393,840 at this date in 1915.

Referring to money rates in detail, loans on call this week have ranged at 1½@2½%, as against 2@2½% a week ago. The maximum figure on Monday was 2½%, with 2¼% the low and renewal basis. On Tuesday the minimum quotation receded to 2%, and the high to 2¼%, with renewals unchanged. Wednesday 2¼% again represented the high, 2% the low and renewal rate. On Thursday the high fell to 2%, which was also the basis of renewals, with 1½% low, while on Friday the range continued at 1¾@2%, with renewals at 1¾%. Time money this week has ruled quiet but steady. Sixty-day funds continue to be quoted at 2½@2¾%, ninety days at 2¾@3%, and four, five and six months at 3@3¼%. Last year sixty and ninety days ruled at 2¾@3%, four months at 3@3¼%, and five and six months at 3¼%. For mercantile paper the range has remained at 3@3¼% for sixty and ninety days' endorsed bills receivable and six months' names of choice character. Names not so well known still require 3½%. Banks' and bankers' acceptances are still quoted at 2½% for sixty days and 2½% for ninety days.

The Federal Reserve Board this week approved an increase in the rate of the Minneapolis Federal Reserve Bank on commodity paper, for all maturities, from 3 to 3½%.

FEDERAL RESERVE BANK DISCOUNT RATES.

CLASS OF REDISCOUNTS.	FEDERAL RESERVE BANK DISCOUNT RATES.											
	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.
Commercial Paper—												
1 to 10 days maturity	3	3	3	3½	4	4	4	4	4	4	4	3
11 to 30 " "	3½	4	4	4	4	4	4	4	4	4	4	3½
31 to 60 " "	4	4	4	4	4	4	4	4	4	4	4	4
61 to 90 " "	4	4	4	4½	4	4	4½	4	4½	4½	4	4½
Agricultural and Live-Stock Paper—												
91 days to 6 months maturity	5	5	4½	5	5	5	5	5	5	5	4½	5½
Trade Acceptances—												
1 to 10 days maturity	3	3½	3	3	3½	3½	3	3	3½	3½	3	3
31 to 60 " "	3	3½	3	3	3½	3½	3	3	3½	3½	3	3
61 to 90 " "	3	3½	3	3½	3½	3½	3	3½	3½	3½	3	3½
Commodity Paper—												
1 to 30 days maturity	3½	---	3	---	3½	3	---	3	3½	3	3	3½
31 to 60 " "	3½	---	3	---	3½	3	---	3	3½	3	3	4
61 to 90 " "	3½	---	3	---	3½	3	---	3	3½	3	3	4½
91 days to 6 months maturity	---	---	---	---	---	---	---	---	---	---	---	5

Authorized rate for discount of bankers' acceptances, 2 to 4%.
 A rate of 3¼ to 4% on purchases of trade acceptances by the New Orleans branch of the Atlanta Federal Reserve Bank in the open market, without the endorsement of any bank, was approved Dec. 16 1915. A rate of 4% for 10 days and 4½% for from 10 to 90 days on commercial paper for the New Orleans branch bank of the Federal Reserve Bank at Atlanta was approved by the Federal Reserve Board Apr. 7. In the case of the St. Louis Federal Reserve Bank, a rate of 2 to 4% for bills with or without member-bank endorsement has been authorized.
 Open market rates for purchases of bills of exchange: Atlanta, 3½ to 5¼%
 Dallas, 3% to 5%.

In sterling exchange circles the easier tendency which had been the feature of the week preceding continued on Monday and Tuesday, but was checked later in the week as a result of the sales of British Treasury holdings of American securities. On Thursday the receipt of two shipments of gold aggregating \$2,256,000 from Ottawa and on Friday an additional amount of \$1,800,000 was announced, consigned to J. P. Morgan & Co. This gold, it is understood, was forwarded by the Ottawa branch of the Bank of England and was designed, in connection with the liquidation of securities, to steady the general sterling exchange situation. There have been no data available as to the amount of the American securities mobilized by the British Treasury under the deposit or "borrowing" part of the mobilization scheme. It is apparent that such securities, if they were used for credits in New York and other leading American centres, would be utilized in banking transactions between London and American banks, the London banks, of course, handling the business on account of the British Treasury. But these transactions would in no instance become public, as they would be treated with the same secrecy as all other banking transactions for clients. The more general interpretation accorded to the renewal of the import movement of gold is that it represented a desire of the British Treasury to confirm its assurance that the securities accumulated under its mobilization plan would not be utilized in a way that would depress the price level of the American market. During the last fortnight the undertone of the New York Stock Exchange market has been one of nervousness. There seems encouragement to believe therefore that securities have not been offered as freely as would have been the case in the event of a more substantial tone being current; hence the disposition to aid the situation by a direct importation of the precious metal. Exports meanwhile are keeping up their remarkable activity, and there seems slight if any reason to believe that any essentially important reductions are to occur in the near future.

Compared with last Friday, sterling exchange rates on Saturday were a trifle easier with fractional declines, to 4 75 13-16@4 75 7/8 for demand, 4 76 7-16 for cable transfers and 4 72 1/2@4 72 9-16 for sixty days. Monday's market showed increased weakness for demand bills, although cables were comparatively firmer on steady buying by an international

banking house for account of Great Britain for the purpose of steadying exchange; cable transfers ranged at 4 76³/₈@4 76 7-16, demand at 4 75 11-16 @4 75 13-16, and sixty days at 4 72 7-16@4 72¹/₂. Additional declines were recorded on Tuesday, chiefly as a result of continued heavy commercial offerings; demand touched the lowest point reached in several months—4 75 9-16; the high was 4 75 11-16 while cable transfers remained relatively steady at 4 76 7-16 and sixty days was unchanged at 4 72 7-16 @4 72¹/₂. On Wednesday the declining tendency which had been the feature of the earlier days of the week was checked and the market rallied, with an advance to 4 75⁵/₈@4 75³/₄ for demand, 4 76 7-16@4 76¹/₂ for cable transfers and 4 72¹/₂@4 72 9-16 for sixty days. Dealings were somewhat restricted on Thursday, with sterling rates steady at practically unchanged levels; demand was quoted at 4 75⁵/₈@4 75 11-16, cable transfers at 4 76 7-16, and sixty days at 4 72 7-16@4 72¹/₂. On Friday the market ruled irregular, with demand at 4 75⁵/₈@4 75 11-16, cable transfers at 4 76 7-16 and sixty days at 4 72 7-16@4 72¹/₂. Closing quotations were 4 72¹/₂ for sixty days, 4 75¹/₂ for demand and 4 76 7-16 for cable transfers. Commercial on banks (sixty days) closed at 4 71¹/₂@4 71⁵/₈; ditto 90 days, 4 69¹/₂@4 69³/₈, documents for payment finished at 4 71¹/₂@4 71⁵/₈ and seven-day grain bills at 4 74 9-16@4 74⁵/₈. Cotton for payment closed at 4 75¹/₂, grain for payment at 4 75¹/₂.

The Continental exchanges, so far as the belligerent countries are concerned, have ruled steady and without important feature this week. French exchange has been firm, but with slight net change. No announcement has been made in the direction of the pending credit to French banks on behalf of their Government. Reichsmarks have, likewise, shown a firm undertone, with an advancing tendency. Austrian kronen have ruled steady, moving, as is usually the case, in sympathy with German exchange. On the other hand, Italian lire have been decidedly heavy, and sight bills declined on Monday to as low as 6.40, which was, however, a more or less natural reaction from the high point touched on last Friday. During the closing days of the week strength was resumed. Demand bills on Berlin closed at 77¹/₂ and cables at 77⁵/₈, against 76³/₄ and 77 respectively a week ago. Kronen finished at 13.45, compared with 13.30 last week. The sterling check rate on Paris yesterday was 28.29¹/₂, unchanged from the closing figure on Friday last. In New York sight bills on the French centre closed at 5 94, against 5 94¹/₂ and cables at 5 93, against 5 93³/₄ the previous week. Lire finished at 6 31⁷/₈ for sight and 6 30¹/₂ for cables, which compares with 6 28 and 6 27 respectively, at the close on Friday of last week.

As to the neutral countries the chief factor has been the strength in Scandinavian exchange. On Wednesday the sight rate on Stockholm bounded up to 31.10, the highest point touched on the present upward movement, while later in the week a moderate downward reaction occurred. Heavy exports from Sweden to Germany, as well as rumors that the further minting of gold coin in Scandinavian countries is to be prohibited, thus putting a check upon the importation of gold bars, with a view to the maintenance of rates of exchange, were among the influences held responsible for the advance. Guilders also ruled

firm. Bankers' sight on Amsterdam finished at 41 11-16, against 41³/₈; cables at 41⁷/₈, against 41 7-16; commercial sight at 41⁵/₈, against 41 5-16, and commercial sixty days at 41¹/₂, against 41¹/₄. Swiss exchange closed] at 5 20 for bankers' sight and 5 19 for cables, against 5 19¹/₂ and 5 18¹/₂ last week. Greek exchange remains at 5 17¹/₂. Copenhagen checks finished at 30.75, which compares with 30.20. Checks on Norway closed at 30.95, against 30.35, and checks on Sweden closed at 30.95, against 30.40 last Friday. Russian rubles closed at 30³/₄ compared with 31. Spanish pesetas finished at 19.70, against 19.80 a week ago.

The New York Clearing House banks, in their operations with interior banking institutions, have gained \$3,572,000 net in cash as a result of the currency movements for the week ending May 12. Their receipts from the interior have aggregated \$10,064,000, while the shipments have reached \$6,492,000. Adding the Sub-Treasury operations and the gold imports, which together occasioned a loss of \$897,000, the combined result of the flow of money into and out of the New York banks for the week appears to have been a gain of \$2,675,000, as follows:

Week ending May 12	Into Banks.	Out of Banks.	Net Change in Bank Holdings.
Banks' interior movement.....	\$10,064,000	\$6,492,000	Gain \$3,572,000
Sub-Treas. oper'ns and gold imports.....	20,433,000	21,330,000	Loss 897,000
Total.....	\$30,497,000	\$27,822,000	Gain \$2,675,000

The following table indicates the amount of bullion in the principal European banks:

Banks of	May 11 1916.			May 13 1915.		
	Gold.	Silver.	Total.	Gold.	Silver.	Total.
England...	59,362,727	---	59,362,727	63,628,442	---	63,628,442
France...	188,602,400	14,144,920	202,747,320	166,620,100	15,009,000	171,629,100
Germany...	123,128,500	2,100,000	125,228,500	118,667,400	2,423,000	121,090,400
Russia*	62,877,000	5,856,000	68,733,000	157,321,000	5,248,000	162,569,000
Aus-Hung	51,578,000	12,140,000	63,718,000	51,578,000	12,140,000	63,718,000
Spain...	35,875,000	30,599,000	66,474,000	26,007,000	29,324,000	55,331,000
Italy....	40,772,000	4,035,000	44,807,000	30,954,000	2,700,000	33,654,000
Netherl'ds	44,406,000	149,500	44,555,500	35,098,000	164,400	35,262,400
Nat. Belg	15,380,000	600,000	15,980,000	15,380,000	600,000	15,980,000
Switz'land	10,309,500	---	10,309,500	9,632,100	---	9,632,100
Sweden...	9,168,000	---	9,168,000	6,299,000	---	6,299,000
Denmark.	7,367,000	223,000	7,590,000	5,953,000	324,000	6,277,000
Norway...	5,678,000	---	5,678,000	3,297,000	---	3,297,000
Tot. week	757,504,127	69,848,720	827,352,847	690,511,102	67,932,400	758,443,502
Prev. week	755,533,328	69,708,740	825,242,068	689,206,527	68,141,050	757,347,577

* The gold holdings of the Bank of Russia for both years in the above statement have been revised by eliminating the so-called gold balance held abroad.
 c July 30 1914 in both years. h Aug. 6 1914 in both years.

THE CORRESPONDENCE WITH GERMANY.

With the publication, last Friday, of the German Government's reply to President Wilson's peremptory note of April 19, on the submarine policy of Germany, the problem in our diplomatic relations with that country passed, for the time, at all events, out of one of its numerous recurrent crises. The answer of the German Foreign Office was so peculiar in tone, manner, and to a certain extent in matter, that a momentary doubt arose as to whether it could serve any purpose in averting a rupture between the two Governments. On the first reading of it, according to the Washington dispatches, the Administration itself was in doubt as to just what situation was created by it. But the Berlin note, at any rate, declared plainly that orders not only would be, but already had been, given to submarine commanders to observe the rules of international law in dealing with ships in or out of the arbitrary "war zone." Since this was the primary demand of the President's last note to Germany, our State Department, in its rejoinder of last Monday, accepted these assurances as a step which "will remove the principal danger to an interruption of the good relations existing between the United States and Germany."

But the situation created by the German note was, unfortunately, not so simple as this part of our Government's reply might have seemed to indicate. Indeed, the Berlin announcement of a new submarine policy was clogged with what might be interpreted as conditions, in such degree as to obscure the ultimate purposes of the pledge, and to necessitate some very positive warnings, in our Government's reply, against any further misconception of our attitude. The note from the German Foreign Office was in a number of respects a diplomatic document of most unusual character. Its tone was as remarkable as its matter. Designed, as is shown by its essential assurances towards the close of the note, as an overture in behalf of continued international friendliness, its introductory language is of a character which would ordinarily be called defiant and deliberately provocative.

Starting with the destruction of the *Sussex*, concerning which our State Department had submitted detailed and explicit proof that a German submarine had torpedoed the unarmed passenger ship, the Berlin note reserved judgment pending further inquiry. It was not then known, of course, that Germany would accept the evidence on that point furnished by our Government as conclusive, which it has since done, and admit that one of its submarines had torpedoed the vessel. This reservation it promptly followed up by an angry retort to President Wilson's remark regarding the torpedoing even of neutral vessels by German submarine commanders. That precisely such a thing has happened, with constant repetition, the well-known facts and the formal representations of the neutral European governments have left no doubt whatever. What rouses the resentment of the German note is the inferences drawn from Mr. Wilson's statement, that the United States has regarded these performances as "deliberate" or "indiscriminate" on the part of the commanders. The German Government is stated to "emphatically repudiate" the suggestion; adding that it is "of little avail to enter into details" when "the Government of the United States omitted to substantiate the assertion by reference to concrete facts."

Now all this might be an entirely correct view of the matter, yet, still, the manner of stating it would be at least peculiar for a conciliatory note. When, moreover, the next paragraph of the note declares that the German Government "will only state that it has imposed far-reaching restraints upon the use of the submarine weapon, solely in consideration of neutrals' interests," the American reader could scarcely avoid the suspicion that the language was chosen for the express purpose of repudiating contemptuously our own Government's appeal to the rules of humanity and international law.

It is difficult to understand what can have been the motive for introducing the matter in such a way. Probably the majority of people, when they had read the note up to that point for the first time, made up their minds that the document as a whole was to be one of provocation and defiance, and that a breach of diplomatic relations was to follow. Fortunately this was not so. Whatever the purpose of this singular introduction, and of an equally extraordinary paragraph in which the United States Government itself is blamed for not, by acquiescence in Germany's own plans, "preventing the great part of the accidents that American citizens have

met with," the German note announces its decision "to make a further concession, adapting methods of submarine war to the interests of neutrals." This is accomplished through the formal notification that German naval forces have received the following order:

"In accordance with the general principles of visit and search, and the destruction of merchant vessels, recognized by international law, such vessels, both within and without the area declared a naval war zone, shall not be sunk without warning and without saving human lives, unless the ship attempt to escape or offer resistance."

On the face of it, this declaration concedes the whole demand of President Wilson's recent note to Germany, which demanded abandonment of the "present methods of submarine warfare." But the German reply does not leave the assurance wholly on that footing. The complaint against England for its alleged starvation of Germany through blockade, is renewed in the form already familiar in all the German Government's statements in the controversy. The German Government "cannot but reiterate regret that the sentiments of humanity, which the United States extends with such fervor to the unhappy victims of submarine warfare, are not extended with the same warmth of feeling to many millions of women and children who, according to the avowed intention of the British Government, shall be starved, and who, by sufferings, shall force the victorious armies of the Central Powers into ignominious capitulation."

This exceedingly singular assertion—a statement, we imagine, hitherto unknown to diplomatic papers of the sort, is supplemented by the concluding statements of the note that the German Government is "confident that, in consequence of the new orders issued to the naval forces," our own Government will "demand and insist that the British Government shall forthwith observe the rules of international law universally recognized before the war." What attitude Germany would take if our Government were to refuse compliance in this modest hint for the United States to help in breaking the blockade on Germany, is not stated. But this strange diplomatic paper concludes with the strangest of all its paragraphs, by saying that even if such action against the English blockade of Germany were to be undertaken by the United States, but "should not attain the object it desires, * * the German Government would then be facing a new situation, in which it must reserve to itself complete liberty of decision."

At first glance, then, this pacific note ends with a veiled threat. Yet it will be observed, on closer study, how careful the Berlin note is to avoid so stating the matter as to compel our Government to reject the reply *in toto*. The German Foreign Office does not say that the requisite orders to submarine commanders "will be given," on condition that we conduct our negotiations with England as Berlin desires, but that "the German naval forces have received" the order. It is not declared that the German Government "requires" the United States to take such action, but that it "is confident" of such result and "does not doubt" our acquiescence. This, in language at least, is merely tentative, and is not an express condition. With equal care, the note's concluding paragraph is so worded as to avoid the plain and outspoken threat that the

new submarine orders will be revoked if our Government does not induce Great Britain to change her policy. As we have seen, it more or less vaguely states that the German Government would then "reserve to itself complete liberty of decision."

In other words, if this is a threat, it is a veiled threat, without the alternative flatly stated. Yet the alternative is certainly intimated. Therefore, our State Department, after announcing to Germany its purpose of "accepting the Imperial Government's declaration of its abandonment" of the old submarine practices, and after stating that we "rely upon a scrupulous execution hereafter of the now altered policy," adds this serious reminder:

"In order, however, to avoid any possible misunderstanding the Government of the United States notifies the Imperial Government that it cannot for a moment entertain, much less discuss, a suggestion that respect by German naval authorities for the rights of citizens of the United States upon the high seas should, in any way or in the slightest degree, be made contingent upon the conduct of any other government affecting the rights of neutrals and non-combatants. Responsibility in such matters is single, not joint; absolute, not relative."

It might have been stated further that the proposal, to make observance of lawful practices by submarines contingent on our attitude towards England, had already been put forth and rejected. Answering exactly such suggestions, in its note of July 21 last year, our State Department said to Berlin:

"The Imperial Government will readily understand that the Government of the United States cannot discuss the policy of the Government of Great Britain with regard to neutral trade except with that Government itself, and that it must regard the conduct of other belligerent Governments as irrelevant to any discussion with the Imperial Government of what this Government regards as grave and unjustifiable violations of the rights of American citizens by German naval commanders."

It is not at all easy to understand the pertinacity with which a rejected proposal is now brought up again, as if it were something hitherto undiscussed—unless, indeed, last week's Berlin note was designed to influence sentiment at home, while making such concessions as should avert the crisis with the United States.

What, then, is to be the upshot of the situation now existing, as a result of this last exchange of views? We do not feel that the answer is altogether easy. The one highly reassuring aspect of last week's note from Berlin is the unmistakable evidence that the German Government wishes to avert a diplomatic breach. That Government, so the note declares in one of its more clearly intelligible passages, feels that to let the submarine question jeopardize peace between the United States and Germany would involve responsibility which "could not be borne before the forum of mankind and history." This is perhaps as strongly as that consideration could be stated. The general sentiment of the German Government itself is further shown by its striking reference to "the great doom which threatens the entire civilized world, should the cruel and sanguinary war be extended or prolonged." This is an unusual point of view for a German Governmental declaration to the world at large, in the midst of war. It has been taken by many people, though perhaps prematurely, as a roundabout hint

for mediation by the United States between Germany and her antagonists. But it certainly does reflect with unmistakable distinctness that Germany is weary of the war.

That being so, it would be strange if she were to invite a possible addition to the ranks of her antagonists. We should infer, from all the circumstances, that the German civil government will use its best efforts hereafter to restrain, in accordance with its pledge, the excesses of its submarines, and will do so, regardless of our State Department's repudiation of a bargain based on our attitude towards England. Events of the past few months have raised the question, however, to what extent those excesses actually can be controlled by the civil authorities at Berlin; and that is the grave question which remains. Ordinarily, such a question would be absurd on its face; but the relations of the German Admiralty to the Government at Berlin have become a mystery for the solution of which we seem to have no precedent. Knowledge of the fact that flagrant violation of the Foreign Office's latest pledge would probably be incompatible with continued diplomatic relations will at least ensure the maximum effort of the German Government to avert such a sequel to the present correspondence.

A UNIVERSAL FREE COLLECTION AGENCY FOR INDIVIDUAL CHECKS.

The Federal Reserve Board announced last week its long-heralded plan for a country-wide clearing and collection of checks. The order will go into effect June 15, unless a later date be fixed upon in deference to a request from the Executive Council of the American Bankers' Association. We gave its full provisions last week.

This service is one of the most important and far-reaching in its effects ever undertaken in the history of American banking. For it affects the people in the increasing use of the check and draft as the credit currency of the country, the banks in their relation to each other and to the Federal Reserve banks, and the equitable functioning, even the endurance, of the Federal Reserve system itself.

The magnitude of the issues involved cannot well be understated; and a proper consideration of the subject requires a recognition of the underlying principles of banking; a careful analysis of the methods of operation; and a suspended judgment, that the undertaking may have a fair chance to demonstrate its merits.

Before considering the proposition itself it may be well to inquire as to the power and authority of the Federal Reserve Board to inaugurate a compulsory clearing and collection system, and whether this is an opportune time in the unfolding of the Act to put it into practice.

The statement of the Federal Reserve Board announcing the plan declares:

The Federal Reserve Board, acting under the authority of the Federal Reserve Act, has designated the Federal Reserve banks to act as clearing houses for the clearing and collection of checks of their members.

This authority must be found under the following provisions of the law:

Sec. 13. Any Federal Reserve bank may receive from any of its member banks, and from the United States, deposits of current funds in lawful money, national bank notes, Federal Reserve notes, or checks and drafts upon solvent member banks, payable upon presentation; or, solely for exchange purposes, may receive from other Federal Reserve banks deposits of current funds in lawful money, national bank notes, or checks and drafts upon solvent member or other Federal Reserve banks, payable upon presentation.

Sec. 16. * * * Every Federal Reserve bank shall receive on deposit at par from member banks or from Federal Reserve banks checks and

drafts drawn upon any of its depositors, and when remitted by a Federal Reserve bank, checks and drafts drawn by any depositor in any other Federal Reserve bank or member bank upon funds to the credit of said depositor in said Reserve bank or member bank. *Nothing herein contained shall be construed as prohibiting a member bank from charging its actual expense incurred in collecting and remitting funds, or for exchange sold to its patrons. The Federal Reserve Board shall, by rule, fix the charges to be collected by the member banks from its patrons whose checks are cleared through the Federal Reserve bank and the charge which may be imposed for the service of clearing or collection rendered by the Federal Reserve bank.*

The Federal Reserve Board shall make and promulgate from time to time regulations governing the transfer of funds and charges therefor among Federal Reserve banks and their branches, and may at its discretion exercise the functions of a clearing house for such Federal Reserve banks, or may designate a Federal Reserve bank to exercise such functions, and may also require each such bank to exercise the functions of a clearing house for its member banks.

The title of the Federal Reserve Act is as follows:

An Act to provide for the establishment of Federal Reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes.

It is not altogether clear under the provisions of the law, which we have underscored for emphasis, how a check cleared through a Federal Reserve bank can be peremptorily charged at par to the credit of a member bank. The member bank undertakes to pay its customer's check at par over its own counter. It does not undertake to remit funds to pay this check when deposited, by the person or firm in whose favor it is drawn, in a bank a thousand miles away, nor does it undertake to remit funds to a Federal Reserve bank to pay such check when deposited there in the course of collection.

And the law expressly provides and guarantees to such member bank "its actual expense in collecting and remitting funds" and furthermore lays the duty upon the Federal Reserve Board to "fix the charges, to be collected by the member banks from its patrons whose checks are cleared through the Federal Reserve Bank." Yet under the proposed plan for a country-wide clearing of checks at par, the Federal Reserve Board will compel a charge upon the member bank for clearing, but will collect nothing in its behalf, thus compelling it to pay its customer's checks anywhere in the country.

However, this is not the whole of the question. Let us consider par collection in the spirit of the law.

And here let it be understood that to a large degree under established customs and the equalization of exchange, by means of its correspondent connections, this same member bank does pay its customer's check in all parts of the country and without expense to itself in the remission of actual cash and by means of a change of book credits obtained by the forwarding and deposit of other like credits. And it must further be added that this service in behalf of its customer by the independent bank, more and more increasing in custom to be without expense, is one of the great boons of free banking to the American people.

Note now the spirit of the law as to clearances. The cancellation of indebtedness is one of the established functions of the bank. These checks, transfer book credits, appear and disappear, and pay debts. They, together with their ally, or perhaps, substitute, which is a draft, or a bank's check on a bank, are the main currency of the country, and their enlarged use and prompt cancellation lessens the strain on gold and bank notes.

Again, the clearing house is an indispensable part of our banking machinery. It facilitates this cancellation of indebtedness, saving time and the use of cash. Not a small town in the country but has its efficient daily clearings between friendly and co-operative banks.

The systematization and extension of these clearings is consonant with the growth and development of our free and independent banks. In so far, then,

as this principle and practice is concerned, the Federal Reserve Board is aiding the general banking of the country and the commercial interests of the people by establishing clearances at par.

Those who believed in the legalization of the clearing house loan certificate, as a means of emergency currency, would have placed this function of rediscount and issue in the clearing house, and can hardly now object if the new agency of rediscount and emergency issue in a Federal Reserve bank shall be united to the clearing house function. In fact, the two functions are correlative, and the Federal Reserve Board violates no principles of banking in its present movement for a par collection system for the whole country.

As between the individual banks of the commercial centres, as between the Federal Reserve banks of twelve districts over a wide and diversified country, the success of the par clearance plan depends, in the ultimate, on the equalization of exchange, through the rediscount facilities afforded by the Federal Reserve banks. So far, this is an untested proposition. All depends on the movements of trade and integral elements of production within and between districts.

Other matters of moment are involved. The increasing burden of the transit department in a large city bank of the Middle West where the volume of this check-credit-currency is flowing in four directions has caused intense application of the most skillful bankers to its solution. Many questions important and integral never have been decided. There is a conflict between the use of the individual check and the country bank draft. The probabilities are that par collections of individual checks will vastly increase the use of the check in distant payments by the people. There is no uniformity of size and shape of checks, nor, for that matter, is there in the bank drafts. Perhaps this is a small item in the mechanism of the new plan, but it is one that bankers' associations have discussed long without solution. Will the farmer in his home, the small merchant in his store, the jobber in his counting room, write checks instead of procuring drafts at his local institution? Will not this require a larger balance to take care of this unknown demand than that foreseen and forestalled when the customer procures a draft?

Let us consider par clearings in relation to member banks themselves. One of the great objections urged is the loss of collection charges. We must believe this to be exaggerated.

As we understand it, charges on certain kinds of drafts and bills are not to be affected. Besides, it is not the same question in any two districts. Where the brunt of the burden falls has never been established. Much of it has been cost without corresponding profit to large reserve and central reserve banks. There is the difference to be adjusted in charge by item and charge by amount, and transit experts have long worked over this problem of making their departments self-sustaining in proportion to average balances in accounts.

Inevitably, in the elimination of the middleman, the small check goes, increasingly, direct to manufacturing districts of the country; but selling to the consumer is on the increase even in farming districts. Sometimes the writer pays collection charges, sometimes the country bank, often the correspondent or city bank.

Exchange undoubtedly has its value between remote sections. The size of the amounts written directly depends on the commercial relations of sections. Par collections at and by twelve Federal Reserve banks, with the districts woven into a chain, must tend to destroy the price or value of domestic exchange and compel borrowing or rediscount at the Federal Reserve banks to sustain balances above required reserves.

On the other hand, the increasing use of checks and drafts runs parallel in our banking history with the growth of deposits. These checks, in effect, convert property into credit, and thus expand deposits. This must be the result of the larger use of the check by country bank depositors. When time enough has elapsed for the plan to have its full effect, will these increased deposits more than offset the loss in collection charges? And in any event, will not the whole banking system be stronger by the elimination of a factor the cost of which is not now, and never can be, equitably distributed between the banks? With the elimination of exchange values and the probable loss of country bank customers, will not city banks get more interest for their funds, and local business in the great centres feel a new thrill of life?

But the country banks do not seem to have reaped much individual benefit from the Federal Reserve system. Six per centum of capital and surplus invested in Federal Reserve banks that brings, and promises to bring, little return; deposits taken from correspondents willing to pay interest on them and placed in Federal Reserve banks that pay none; Government deposits being withdrawn, and to finally rest in Federal Reserve banks; and now the loss of collection fees, which, however they may affect localities, and city and country banks, are a source of revenue and profit to some, although a loss to others, through the demands of competition; and still more important than all, country banks not able to rediscount freely because of lack of acceptable paper; is not all this a heavy price to pay for security through the strengthening of city correspondents and the banking system as a whole?

And here it is worth while to remark that the country bank is the typical bank in our system of free and independent banking. Is it not true that the country banker is closer to the people than his co-worker in the city? Is it not true that the country bank organizes the credit of its small community and thus becomes a beneficent factor in trade and development in the same way the big city institution does for its larger constituency?

There is absolutely no antagonism between the interests of country and city banks. If, as a matter of fact, a fact that cannot statistically be established, this par collection system will relieve city institutions from a burden that is unjust to them, they ought to be relieved of it. If, on the contrary, this new order for par collections will not eventually work justice to the country bank, the Federal Reserve Board should follow the law and make provision for payment to them of proper compensatory collection and transmission charges.

The Federal Reserve Board should turn its eyes on the country bank if it would work out a true and beneficial system under the Federal Act. A member bank is a member and entitled to all consideration, no matter whether its capital and surplus is a hundred thousand dollars or a million. It is a

benefit to a small country bank to have a strengthened banking system, but it should not be made to pay heavily for this.

As between national banks going out and State banks coming in, no one knows what the result of this new plan will be. Suppose individual depositors in the various communities where national and State banks do business side by side, find their checks handled by national (or member) banks free of charge, or the recipients find these checks received at par only in nationals, it may serve so to increase the accounts and deposits of the nationals as to more than offset the loss in collection charges. They will not then withdraw from the system. On the other hand, suppose State institutions, through loss of deposits and through expense of collection which they are compelled by competition to bear, find the plan works a serious disadvantage, greater than the profits of collection charges, they will, perhaps, want to come in. No one can measure this effect. It will not be the same in any two districts. Collection charges is a question more acute in the East than the West, because payments travel toward the East, at least in certain seasons, and generally speaking as to number of items. Exchange charges are vital in the West when the charge is made upon the basis of the sums remitted. Sometimes the drawer of the check pays, sometimes the drawee; sometimes the city bank stands the charge, sometimes the country bank. And often, after being a par remittance through several banks, it becomes a final charge; and sometimes starting as a charge it ends in an exchange or payment at par. Certainly a universal par system, equitably administered, is desirable to bring order and service out of the present confusion. But to release one of the major elements and penalize the other by the same act is, to say the least, unfortunate.

STILL ANOTHER SHIPPING BILL.

As foreshadowed last week, the third shipping bill of this session made its appearance in the House on Monday; it is even bulkier than the one of a month ago, but is less bad than that one. It has been made up to lessen opposition by yielding some of the most objectionable features, and it is already said to have won over several Representatives by so doing. The most important change is in limiting the life of the corporations to be formed by the Board to five years after the President has proclaimed that the present war has ceased; then vessels and other property of the corporations shall revert to the Board, which "may" dispose of the vessels, by sale, lease or charter, to any citizen of this country, and "shall" dispose of other property to the best advantage, for account of the Treasury. Any stock in such corporation or corporations, not Government-owned, shall be taken over and paid for at fair value; what is to be done with the Government's stock is not stated.

We do not find in this bill, or in the amendatory one of April 10, the same attempt in terms as in the bill of Jan. 31 to put all ocean commerce, regardless of ownership or nationality, under license by the proposed Board, and forbidding clearance to any vessel not under such license; full power to alter or make rates is granted as to inter-State water-carrying, but as to foreign commerce there is an apparent abandonment of such power. The prohibition of fighting ships, or rebate, of unfairness and discrimi-

nation, are retained. Copies of existing agreements must be filed, and those may stand until disapproved; new ones may be made only on approval, and the Board may modify or cancel any agreement; any rate deemed unjustly discriminatory between shippers or ports or unjustly prejudicial to shippers of this as compared with foreign countries may be corrected to the extent needed to remove the wrong; just and reasonable regulations or practice in handling, receiving or storing goods may be made and ordered; and a penalty of \$1,000 a day is prescribed in general for violations.

A distinction between "common carrier by water" and carriers in inter-State commerce is made at considerable length, separate sections being written for each; yet the title still proclaims intent "to regulate carriers by water engaged in the foreign and inter-State commerce of the United States and for other purposes." Section 19 provides that "any order of the Board other than for the payment of money" shall continue in force for such time as ordered, up to two years, unless a competent court interferes. Further, one paragraph of Section 16, relative to agreements by foreign carriers (these agreements necessarily including rates) provides that "the Board may by order disapprove, cancel, or modify any agreement, or any modification or cancellation thereof, whether or not previously approved by it, that it finds to be unjustly discriminatory or unfair . . . or to operate to the detriment of the commerce of the United States or to be in violation of this Act." Here is ample room for discretionary power to be asserted over rates in practice.

Section 2 declares that no corporation, partnership or association shall be deemed a citizen of this country unless its controlling interest is owned by citizens and unless the chief officers of such corporation are citizens. As heretofore, the Board may take the Government into the shipping business in every detail through at least a majority interest, but "the total capital stock thereof" (of the "one or more corporations") shall not exceed 50 millions. The Board may have constructed, in domestic yards or elsewhere, but giving preference to the domestic, or may buy, lease or charter, "vessels suitable, as far as the commercial requirements of the marine trade of the United States may permit, for use as naval auxiliaries or army transports, or for other naval or military purposes." The President "may transfer to the Board such vessels belonging to the War or Navy Department as are suitable for commercial uses and not required for military or naval use in time of peace." The Board may also charter, lease or sell to any citizen "any vessel so purchased, constructed, or transferred"; and when any vessel that has thus passed into the ownership of the United States becomes, in the judgment of the Board, "unfit for the purposes of this Act, it shall be appraised and sold at public or private sale, free from the conditions and restrictions of this Act."

There is an apparent attempt to enlist the support of the advocates of preparedness by providing that any vessel "purchased, leased or chartered from the Board" may be commandeered for military or naval purposes, upon notice, or without notice in case of emergency; also that no such vessel shall be sold, leased, or chartered, or transferred to a foreign registry or flag, without the Board's approval; and that in case this country is in war or in a proclaimed emergency no vessel registered or licensed under our

laws shall be transferred to foreign ownership or a foreign registry or flag, without the Board's approval.

This attempt at Governmental intervention is still, as at first, placed on the ostensible ground of commercial and trade emergency, yet Chairman Alexander repeats the declaratoïn that more than a million tons of merchant vessels of all types are under construction in American yards, "a much greater amount than at any previous time in the history of our country"; he adds his opinion that the pendency of these bills "is no menace to the private shipping industry." The visitors to South and Central America have returned with the worn fallacy that the dearth of ships is the reason why our trade with those countries is not larger. A shipping industry that is busy (and perhaps busier than ever before) cannot be stimulated into accelerated production by any such proposition as this. The majority committee report cites figures of the shipping now held out of use by the war; taking these as given, they argue against these bills, because such ships will quickly and earnestly compete for business as soon as the end of war releases them. The statement that "representatives of the National Grange and Farmers' Unions have appeared before the committee and approved this legislation and the Federation of Labor and Seamen's Union have by resolution in national convention approved this legislation" is grotesque as an argument for it; yet it seems almost hopeless to try to reason with persons who lack that sense of ignorance which must precede any learning.

This is a movement to duplicate on the ocean the intervention which plague transportation and business on the land, and on the old presumption that whoever has any practical knowledge is a greedy person whose desire to be unfair needs shackling by statute. It is possibly benevolent theorizing, with the boldest and most immovable theorist in the White House. Men of lifelong business experience have not always been snubbed when they have sought to speak, yet they are not invited and receive no real hearing when they do speak; still, ought they not to take the same stand now taken by the Bethlehem Steel Co., which says it has erred in keeping too quiet but "shall make the mistake of silence no longer"?

At least these successive bills make a situation somewhat confusing. The bill of January was the Administration's; so was that of April 10; and now the newspapers print this one with the honest heading of "Full Text of Revised Administration Shipping Bill." One might have supposed that the President, with his undoubtedly good intentions, could find trouble enough in the world-war and the Mexican imbroglio without making confusion worse by insisting on doing the work of Congress, in addition to that prescribed for him by the Constitution.

RAILROAD GROSS AND NET EARNINGS FOR MARCH.

Railroad earnings continue their marvelous record of improvement. It is surprising in what a noteworthy way the improvement is being maintained, month after month, and the fact, of course, bespeaks the great industrial activity which is prevailing and which has been and is producing unexampled expansion in railroad traffic.

The improvement in revenues extends to the gross and net results alike. The ratios of gain are a trifle smaller than in the closing months of 1915,

and yet are of great magnitude. The compilations which we present in this article cover complete returns for the month of March as to both gross and net earnings and are, as usual, exceedingly comprehensive, embracing 247,363 miles of road, or all but a small percentage of the entire railroad mileage of the country. The gain, as compared with the corresponding month of 1915, aggregates no less than \$58,731,563 in gross, or 24.66%, and while this was attended by a substantial augmentation in expenses, namely \$29,352,936, or 17.29%, there remains \$29,378,627 increase in the net, or 42.96%. In February, when the roads, the present year, had the advantage of an extra day by reason of its being leap year, the gain amounted to \$58,005,851, or 27.68% in gross, and to \$28,886,343, or 56.59%, in net, while in January the gain was \$46,840,040, or 21.27% in the gross, and \$27,347,413, or 53.05% in the net.

March (466 Roads)—	1916.	1915.	Inc. (+) or Dec. (-).	%
Miles of road.....	247,363	246,648	+8.15	0.33
Gross earnings.....	\$290,830,406	\$238,098,843	+\$58,731,563	24.66
Operating expenses.....	199,058,816	169,705,880	+29,352,936	17.29
Net earnings.....	\$97,771,590	\$68,392,963	+\$29,378,627	42.96

It is almost needless to say that we are comparing with reduced earnings in the previous year, at least as far as the gross is concerned, but that was by no means so important a factor in March as it was in some of the preceding months. Yet it is undeniable that we are comparing with poor results in the year preceding, and the truth is the March returns had been poor or indifferent for several successive years. For March 1915 our tabulations recorded a loss in gross of \$15,194,218, or 5.99%. This was attended, however, by a reduction in expenses in still larger amount, the railroads feeling it a duty to contract expenses in every direction because of the dismal prospects then confronting the roads, and accordingly in the net there was a small gain—\$1,000,350, or 1.48%. In March 1914 there were small gains in both gross and net (\$660,166 in the case of the gross and \$3,104,528 in the case of the net), but these slight gains resulted entirely from the absence of certain adverse developments which in the year preceding had heavily cut down revenues while augmenting expenses. In other words, in March 1913 earnings had been very unfavorably affected by the great floods which occurred in the Middle and Middle Western States in the closing week of that month. These floods not only caused immense property damage and the loss of many lives, but resulted in a complete suspension of railroad operations for a few days on a good part of the railroad mileage in Ohio and Indiana, and on all the lines connecting therewith from the East, the West and the South. It thus happened that the roads which in 1913 had their earnings heavily reduced regained in 1914 some of the loss and accordingly were able to report increases—in a few cases of considerable amount—which increases served to that extent to offset the losses on other roads or to overcome them altogether.

In saying that the floods in 1913 operated to reduce revenues we do not mean that there was actual falling off in gross in March of that year on the roads as a whole in the United States, but merely that the gain was heavily reduced; in the net, on the other hand, because of the augmentation in expenses, there was an actual falling off. In brief, our compilation for March 1913 showed \$4,275,145 decrease in net earnings and this was due to an augmentation of \$14,870,984 in expenses at a time when the addition to

gross earnings (the floods, as already stated, having greatly cut down the normal rate of addition) was but \$10,595,839, or 4.46%. As a matter of fact, however, net earnings had been making poor exhibits for several successive years. Our compilations for March 1912 registered \$12,955,678 gain in gross (5.77%), but of this only \$848,494 was carried forward as a gain in the net. Going a year further back, we find that there was an actual loss in both gross and net in March 1911; by the figures of the Inter-State Commerce Commission, \$11,264,790 in gross and \$9,148,129 in net. In the year preceding, large expenditures were also a conspicuous feature of the returns; according to the tabulations of the Inter-State Commerce Commission there was an increase in gross in March 1910 of no less than \$32,887,440, but the gain in net was no more than \$8,664,106. In March 1909 there were very striking gains in both gross and net—\$22,190,078 in the former and \$14,303,842 in the latter; but these gains followed largely as the result of the heavy losses sustained in 1908, the year following the 1907 panic. In 1908 the Commission had not yet begun to give out comparative figures. Our own compilations at that time were somewhat incomplete, owing to the circumstance that earnings were running so poorly that a number of big companies withheld their figures, not caring to disclose the magnitude of their losses. On an aggregate of only 152,058 miles of road, our statement then showed a decrease of \$21,531,681 in gross and of \$6,543,631 in net. We estimated that for the entire railroad mileage of the country the falling off in gross for the month must have been about \$34,000,000, with a shrinkage of \$10,000,000 in net.

In the following we give the March totals back to 1896. For 1911, 1910 and 1909 we use the Inter-State Commerce figures, but for preceding years we give the results just as registered by our own tables each year—a portion of the railroad mileage of the country being always unrepresented in the totals, owing to the refusal of some of the roads then to give out monthly figures for publication.

Year.	Gross Earnings.			Net Earnings.		
	Year Given.	Year Preceding.	Inc. (+) or Dec. (-).	Year Given.	Year Preceding.	Inc. (+) or Dec. (-).
March.....	\$	\$	\$	\$	\$	\$
1896...	52,393,093	51,220,449	+1,172,644	16,004,390	16,051,229	-46,839
1897...	56,662,338	55,792,864	+869,474	17,992,125	16,567,339	+1,424,786
1898...	65,920,850	57,313,697	+8,607,153	21,833,910	18,045,866	+3,788,044
1899...	71,322,133	60,789,833	+10,532,300	23,576,797	21,872,713	+1,704,084
1900...	81,946,098	72,318,540	+9,627,558	26,782,153	23,895,780	+2,886,403
1901...	96,735,826	83,084,673	+13,651,153	32,780,439	28,903,196	+3,877,243
1902...	97,290,104	92,043,633	+5,246,471	31,299,357	30,736,551	+562,806
1903...	108,208,792	91,541,576	+16,667,216	33,406,751	28,846,908	+4,559,843
1904...	110,945,053	110,637,629	+307,424	30,628,797	34,291,100	-3,662,303
1905...	120,507,724	110,277,421	+10,230,303	36,878,227	31,654,402	+5,223,825
1906...	129,838,708	116,891,229	+12,947,479	40,349,748	35,312,906	+5,036,842
1907...	141,580,562	128,600,109	+12,980,453	40,967,927	40,904,113	+63,814
1908...	141,193,810	162,725,500	-21,531,690	39,328,523	45,872,154	-6,543,631
1909...	205,700,013	183,500,935	+22,199,078	69,613,713	55,303,871	+14,309,842
1910...	238,725,772	205,438,432	+33,287,340	78,322,811	69,658,705	+8,664,106
1911...	227,564,915	238,829,705	-11,264,790	69,239,357	78,357,486	-9,148,129
1912...	237,564,332	224,608,634	+12,955,698	69,038,957	69,190,493	-848,494
1913...	249,230,551	233,434,712	+15,795,839	64,893,146	69,165,291	-4,275,145
1914...	250,174,257	249,514,091	+660,166	67,993,951	64,889,423	+3,104,528
1915...	238,157,881	233,352,099	+4,805,782	68,452,432	67,452,082	+1,000,350
1916...	296,830,466	248,098,843	+58,731,623	97,771,590	68,392,963	+29,378,627

Note.—Includes for March 141 roads in 1896, 127 in 1897, 137 in 1898, 123 in 1899, 126 in 1900, 123 in 1901, 126 in 1902, 107 in 1903, 101 in 1904, 101 in 1905, 98 in 1906, 94 in 1907; in 1908 the returns were based on 152,058 miles of road; in 1909, 233,702; in 1910, 239,691; in 1911, 244,081; in 1912, 238,218; in 1913, 240,810; in 1914, 245,200; in 1915, 245,848; in 1916, 247,363. Neither the Mexican roads nor the coal mining operations of the anthracite coal roads are included in any of these totals.

The exhibits of the separate roads are in keeping with the general results. In other words, the gains are of huge magnitude and extend to all classes of roads and come from all sections of the country. The general character of the returns of these separate roads may be judged from the statements of the Pennsylvania Railroad and the New York Central. The Pennsylvania on the lines directly operated, reports an increase of \$7,030,357 in gross and of

\$3,290,313 in net. Including all lines owned and controlled which make monthly returns to the Inter-State Commerce Commission, the result is a gain of no less than \$8,107,455 in gross and of \$3,977,028 in the net. This, it should be remembered, is the showing for simply one large system, albeit the largest in the country in point of revenue. Last year in March the system suffered a loss of \$1,402,494 in gross and of \$49,453 in net, while the year before the combined system registered \$29,994 decrease in gross and \$708,631 increase in net. The New York Central, the present year, though not so completely identified with the mineral regions as the Pennsylvania, has done equally well. For the Central proper (as enlarged by the merger with the Lake Shore & Michigan Southern and other roads) the increase is \$4,463,371 in gross and \$2,402,886 in net. Adding the various auxiliary and controlled roads, the gain for the entire New York Central System amounts to \$8,019,901 in gross and to \$4,811,521 in net. Last year in March, there was a loss for this system of \$1,309,249 in gross, but a gain of \$534,303 in net.

For other leading roads and systems the improvement is equally noteworthy even though smaller in extent. In the case of the Baltimore & Ohio, however, a gain of \$1,916,880 in gross has been attended by a decrease of \$436,198 in net, due to heavily increased expenses, the company taking advantage of the prevailing prosperity to make liberal outlays in certain directions. The New Haven also reports a loss in net coincident with a large expansion in gross and in that case the extraordinary congestion of freight existing over important parts of the system tended heavily to swell the expense accounts. The Delaware & Hudson, too, has suffered a decrease in net, notwithstanding a fair increase in gross, and the Missouri Kansas & Texas falls heavily behind in the net and also has a small decrease in the gross as a result of last season's diminished agricultural yield in the Southwest. But that embraces all the roads having important losses in the net, while in the case of the gross we have nothing but increases, there being not a single road or system having a decrease of as much as \$100,000—the decrease of the Missouri Kansas & Texas having been only \$48,297. In the following we show all changes for the separate roads for amounts in excess of \$100,000, whether increases or decreases, and in both gross and net:

PRINCIPAL CHANGES IN GROSS EARNINGS IN MARCH.

Increases.		Decreases.	
Pennsylvania.....	\$7,030,357	Seaboard Air Line.....	\$313,905
New York Central.....	64,463,371	Chicago & East Illinois.....	311,774
Union Pacific.....	2,457,228	Chicago & Alton.....	310,141
Chicago Burl & Quincy.....	2,090,203	N Y Chicago & St. Louis.....	309,074
Ach Topeka & Santa Fe.....	1,936,186	El Paso Southwestern.....	281,327
Baltimore & Ohio.....	1,916,880	Chicago Great Western.....	277,960
Southern Pacific.....	1,758,148	Buffalo Roch & Pittsb.....	276,801
Northern Pacific.....	1,699,095	Atlantic Coast Line.....	273,393
Great Northern.....	1,630,093	Virginian.....	272,721
Norfolk & Western.....	1,628,359	Ch. New Or & Texas Pac.....	267,857
Chicago & North West.....	1,564,494	Chic St P Minn & Omaha.....	249,255
Chicago Milw & St Paul.....	1,392,315	Bessemer & Lake Erie.....	233,330
Philadelphia & Reading.....	1,330,283	St. Louis Southwestern.....	208,907
Louisville & Nashville.....	1,085,221	Nashv Chatt & St. Louis.....	206,784
Delaware Lack & West.....	1,084,511	Toledo & Ohio Central.....	189,121
Chesapeake & Ohio.....	1,027,109	Western Pacific.....	184,454
Southern Railway.....	994,551	Vandalia.....	180,672
Chicago R I & Pac. Lines.....	960,015	Texas & Pacific.....	179,310
Michigan Central.....	941,639	Colorado & Southern.....	171,065
Pittsburgh & Lake Erie.....	925,617	San Ped Los Ang & S L.....	157,134
Cleve Cine Chic & St L.....	909,988	Western Maryland.....	149,031
Missouri Pacific.....	876,909	Hocking Valley.....	135,703
Illinois Central.....	839,266	Grand Trunk Western.....	127,882
N Y New Haven & Hartf.....	747,114	Delaware & Hudson.....	124,737
Wabash.....	720,828	Canadian Pac in Maine.....	119,490
Minneapolis St P & S S M.....	700,280	Chic Ind & Louisville.....	119,169
St. Louis & San Francisco.....	684,201	Indiana Harbor Belt.....	116,077
Louis Valley.....	656,640	Duluth Winn & Pacific.....	112,501
Erie.....	602,754	Union (Pennsylvania).....	110,428
Central of New Jersey.....	591,639	Kanawha & Michigan.....	110,173
Boston & Maine.....	536,363	Alabama Great Southern.....	106,235
Elgin Joliet & Eastern.....	492,036	Caro Clinelf & Ohio.....	105,955
Phila Balt & Washington.....	418,305	Lake Erie & Western.....	105,071
Pere Marquette.....	365,781		
Wheeling & Lake Erie.....	338,205		
Denver & Rio Grande.....	315,557		
Florida East Coast.....	315,475		

Note.—All the figures in the above are on the basis of the returns filed with the Inter-State Commerce Commission. Where, however, these re-

turns do not show the total for any system, we have combined the separate roads so as to make the results conform as nearly as possible to those given in the statements furnished by the companies themselves.

a This is the result for the Pennsylvania RR., together with the Pennsylvania Company and the Pittsburgh Cincinnati Chicago & St. Louis, the Pennsylvania RR. reporting \$4,282,235 increase, the Pennsylvania Company \$1,678,095 gain and the P. C. C. & St. L. \$1,070,027 gain. Including all lines owned and controlled which make monthly returns to the Inter-State Commerce Commission, the result is a gain of \$8,107,455.

b These figures cover merely the operations of the New York Central itself. Including the various auxiliary and controlled roads, like the Michigan Central, the "Big Four," the "Nickel Plate," &c., the whole going to form the New York Central System, the result is a gain of \$8,019,901.

PRINCIPAL CHANGES IN NET EARNINGS IN MARCH.

Increases.		Decreases.	
Pennsylvania.....	\$3,290,313	Elgin Joliet & Eastern.....	211,063
New York Central.....	62,402,886	N Y Chicago & St. Louis.....	\$209,938
Chicago Burl & Quincy.....	1,785,996	Seaboard Air Line.....	201,884
Union Pacific.....	1,612,449	Wheeling & Lake Erie.....	201,139
Ach Topeka & Santa Fe.....	1,159,379	Virginian.....	198,251
Norfolk & Western.....	1,080,825	El Paso Southwestern.....	171,635
Philadelphia & Reading.....	1,018,087	Grand Trunk Western.....	163,427
Southern Pacific.....	922,172	Colorado & Southern.....	160,316
Northern Pacific.....	908,000	Bessemer & Lake Erie.....	155,875
Louisville & Nashville.....	901,833	Internal & Great North.....	151,408
Chicago & North West.....	771,951	Missouri Pacific.....	151,020
Delaware Lack & West.....	751,804	Texas & Pacific.....	146,623
Southern Railway.....	710,194	Chicago Great Western.....	144,921
Chic R I & Pacific Lines.....	660,303	Atlantic Coast Line.....	143,250
Pittsburgh & Lake Erie.....	643,517	Toledo & Ohio Central.....	137,349
Wabash.....	610,937	Western Pacific.....	123,421
Cleve Cine Chic & St L.....	609,266	St. Louis Southwestern.....	114,163
Michigan Central.....	608,810	Cinc Ham & Dayton.....	108,434
Minneapolis St P & S S M.....	579,044	Chicago St Paul M & O.....	100,637
Great Northern.....	546,164	Nashv Chatt & St. Louis.....	100,375
Chic Milw & St Paul.....	412,533		
Chesapeake & Ohio.....	353,747		
Illinois Central.....	347,540		
Boston & Maine.....	337,905		
Phila Balt & Washington.....	315,887		
Pere Marquette.....	271,711		
Chicago & Alton.....	265,131		
Denver & Rio Grande.....	246,537		
Florida East Coast.....	238,360		
Louis Valley.....	236,904		
Central of New Jersey.....	233,167		

a This is the result for the Pennsylvania RR., together with the Pennsylvania Company and the Pittsburgh Cincinnati Chicago & St. Louis, the Pennsylvania RR. reporting \$2,093,083 increase, the Pennsylvania Company \$830,063 gain and the P. C. C. & St. L. \$367,167 gain. Including all lines owned and controlled which make monthly returns to the Inter-State Commerce Commission, the result is a gain of \$3,977,028.

b These figures cover merely the operations of the New York Central itself. Including the various auxiliary and controlled roads, like the Michigan Central, the "Big Four," the "Nickel Plate," &c., the whole going to form the New York Central System, the result is a gain of \$4,811,521.

It is only necessary to add that when the roads are arranged in groups or geographical divisions every division shows an increase in gross and also in net. The increases, too, are generally of large magnitude, both as regards absolute amount and in ratio. Our summary by groups is as follows:

SUMMARY BY GROUPS.

Section or Group	Gross Earnings		Inc. (+) or Dec. (-)
	1910.	1915.	
Group 1 (18 roads), New England.....	13,295,072	11,663,585	+1,631,487 13.99
Group 2 (83 roads), East & Middle.....	80,649,316	63,643,446	+17,005,870 26.72
Group 3 (63 roads), Middle West.....	36,160,455	26,889,581	+9,270,874 34.44
Groups 4 & 5 (92 roads), Southern.....	40,035,926	32,484,056	+7,551,870 23.25
Groups 6 & 7 (75 roads), Northwest.....	64,369,457	50,536,645	+13,832,812 27.37
Groups 8 & 9 (94 roads), Southwest.....	44,616,110	38,327,065	+6,289,045 16.41
Group 10 (41 roads), Pacific Coast.....	17,714,070	14,554,465	+3,159,605 21.71
Total (466 roads).....	296,830,406	238,098,843	+58,731,563 24.66

Group No.	Mileage		Net Earnings		Inc. (+) or Dec. (-)
	1910.	1915.	1910.	1915.	
Group No. 1.....	7,820	7,828	3,601,220	3,331,380	+269,840 8.10
Group No. 2.....	29,348	29,200	25,946,703	16,993,733	+6,952,970 40.92
Group No. 3.....	23,249	23,675	11,467,371	9,915,740	+5,551,631 53.85
Groups Nos. 4 & 5.....	41,683	41,441	14,691,598	9,966,049	+4,695,549 47.02
Groups Nos. 6 & 7.....	68,701	68,250	23,886,501	16,423,390	+7,463,121 45.44
Groups Nos. 8 & 9.....	58,145	58,006	13,204,957	10,545,030	+2,659,927 25.22
Group No. 10.....	18,407	18,148	7,003,240	5,217,051	+1,786,189 34.22
Total.....	247,363	246,548	97,771,590	68,392,963	+29,378,627 42.96

NOTE.—Group I, includes all of the New England States.

Group II, includes all of New York and Pennsylvania except that portion west of Pittsburgh and Buffalo; also all of New Jersey, Delaware and Maryland, and the extreme northern portion of West Virginia.

Group III, includes all of Ohio and Indiana; all of Michigan except the northern peninsula, and that portion of New York and Pennsylvania west of Buffalo and Pittsburgh.

Groups IV, and V, combined include the Southern States south of the Ohio and east of the Mississippi River.

Groups VI, and VII, combined include the northern peninsula of Michigan, all of Minnesota, Wisconsin, Iowa and Illinois; all of South Dakota and North Dakota and Missouri north of St. Louis and Kansas City; also all of Montana, Wyoming and Nebraska, together with Colorado north of a line parallel to the State line passing through Denver.

Groups VIII, and IX, combined include all of Kansas, Oklahoma, Arkansas and Indian Territory, Missouri south of St. Louis and Kansas City; Colorado south of Denver, the whole of Texas and the bulk of Louisiana; and that portion of New Mexico north of a line running from the northwest corner of the State through Santa Fe and east of a line running from Santa Fe to El Paso.

Group X, includes all of Washington, Oregon, Idaho, California, Nevada, Utah and Arizona and the western part of New Mexico.

RAILROAD GROSS EARNINGS FOR APRIL.

Our preliminary compilation of earnings for April promises a continuance for that month of the very favorable results noted in the full compilations for the month of March, as presented in the preceding article. This preliminary compilation comprises merely the roads which make it a practice to furnish early approximations of their gross revenues shortly after the close of the month, including the three large Canadian systems, namely the Canadian Pacific, the Grand Trunk of Canada and the

Canadian Northern. Yet though the aggregate mileage represented is only 89,588 miles, the increase reaches \$13,130,023. In ratio the improvement is 22.45%. While the roads represented, outside the Canadian systems, comprise mainly Western grain-carrying and Southern cotton-carrying lines, these early results have in the past always furnished a pretty accurate clue to the character of railroad earnings as a whole.

The large gain for April attracts the more attention inasmuch as there were five Sundays in the month this year, as against only four last year, and thus the roads were under the disadvantage of having one less working day. Furthermore, in the South the roads had to contend with a greatly diminished cotton movement arising out of last season's short yield and the diminished export demand for the staple. This loss in the cotton traffic, however, was many times offset by the general industrial activity, in which the South shared along with the roads in all other parts of the country. Said industrial activity, with the growth in mineral and manufacturing and merchandise traffic and some improvement also in the passenger traffic, has been the main factor responsible for the notable growth in railroad revenue. Western roads, in addition, have had the benefit of a large further increase in the grain movement.

The expansion in the grain movement extended to all the leading cereals, but was particularly noteworthy in the case of wheat, of which the receipts at the Western primary markets in the five weeks ending April 29 1916 aggregated 31,441,000 bushels, against only 16,422,000 bushels in the five weeks of 1915 and but 13,741,000 bushels in the five weeks of 1914. Combining wheat, corn, oats, barley and rye total grain receipts at the Western primary markets in the five weeks this year were 84,573,000 bushels, against 54,052,000 bushels in 1915 and only 44,798,000 bushels in 1914. The details of the Western grain movement in our usual form are set out in the following :

WESTERN GRAIN RECEIPTS.

Five wks. end- ing Apr. 29.	Flour. (bbls.)	Wheat. (bush.)	Corn. (bush.)	Oats. (bush.)	Barley. (bush.)	Rye. (bush.)
Chicago—						
1916.....	933,000	5,718,000	11,035,000	2,046,000	501,000	
1915.....	773,000	3,357,000	4,648,000	8,558,000	1,948,000	201,000
Minneapolis—						
1916.....	78,000	614,000	807,000	3,533,000	1,467,000	268,000
1915.....	171,000	278,000	758,000	1,905,000	931,000	125,000
St. Louis—						
1916.....	446,000	2,867,000	2,772,000	1,286,000	37,000	105,000
1915.....	311,000	1,415,000	2,416,000	3,047,000	144,000	10,000
Toledo—						
1916.....	235,000	206,000	162,000	-----	-----	19,000
1915.....	369,000	410,000	1,012,000	-----	-----	-----
Detroit—						
1916.....	31,000	209,000	167,000	386,000	-----	-----
1915.....	30,000	166,000	97,000	352,000	-----	-----
Cleveland—						
1916.....	51,000	31,000	214,000	274,000	-----	-----
1915.....	158,000	55,000	228,000	231,000	1,000	4,000
Peoria—						
1916.....	393,000	1,295,000	5,317,000	1,420,000	472,000	114,000
1915.....	234,000	497,000	1,288,000	866,000	157,000	3,000
Duluth—						
1916.....	1,147,000	54,000	96,000	327,000	79,000	-----
1915.....	2,367,000	16,000	968,000	68,000	16,000	-----
Minneapolis—						
1916.....	9,951,000	499,000	3,506,000	2,475,000	314,000	-----
1915.....	4,242,000	1,068,000	1,965,000	1,195,000	120,000	-----
Kansas City—						
1916.....	3,560,000	3,166,000	329,000	-----	-----	-----
1915.....	2,627,000	1,673,000	690,000	-----	-----	-----
Omaha—						
1916.....	2,173,000	2,362,000	692,000	-----	-----	-----
1915.....	909,000	1,999,000	727,000	-----	-----	-----
Total of All—						
1916.....	1,932,000	31,441,000	21,282,000	22,726,000	7,724,000	1,400,000
1915.....	1,677,000	16,422,000	14,501,000	18,501,000	4,144,000	484,000

As regards the cotton movement in the South, the shipments overland for the month were 179,589 bales, against 267,131 bales in April 1915 and the receipts at the Southern outports 421,619 bales, against 676,155 bales, as per the following:

RECEIPTS OF COTTON AT SOUTHERN PORTS IN APRIL AND FROM JANUARY 1 TO APRIL 30 IN 1916, 1915 AND 1914.

Ports.	April.			Since January 1.		
	1916.	1915.	1914.	1916.	1915.	1914.
Galveston.....	145,736	240,719	124,543	787,114	1,821,600	1,082,300
Texas City, &c.....	20,766	20,090	5,093	163,777	375,464	212,353
New Orleans.....	78,723	153,824	106,747	397,833	991,545	687,311
Mobile.....	18,915	10,104	23,957	49,487	72,289	95,607
Pensacola, &c.....	4,488	7,546	1,785	30,418	68,291	61,616
Savannah.....	41,388	92,360	68,016	273,323	842,446	343,273
Brunswick.....	15,500	34,000	1,600	52,200	141,500	67,150
Charleston.....	17,958	21,138	6,663	45,269	172,190	34,293
Georgetown.....	-----	179	-----	101	1,652	-----
Wilmington.....	21,506	14,310	10,794	45,321	146,649	18,139
Norfolk.....	44,309	56,969	22,397	220,895	321,101	161,677
Newport News, &c.....	6,330	21,918	27,050	47,530	99,227	77,407
Total.....	421,619	676,155	398,645	2,118,268	5,023,957	2,870,586

Of course, comparison is with reduced earnings in 1915, and it also follows a decrease in 1914, depriving the present improvement to that extent of its significance, and yet this year's gains exceed in amount the losses for the two previous years combined. In April 1915 our early statement registered a decrease of \$5,392,824, or 8.05%, and in April 1914 our early compilation showed a loss of \$4,466,008, or 6.28%. In April 1913, however, notwithstanding the drawbacks imposed by the floods, general trade was still good, and the volume of railroad traffic continued to expand. As a result, the roads represented in our early statement recorded a collective gain of \$4,243,312, or 6.51%. In 1912, too, the showing was very good, the roads furnishing early returns registering a gain of \$5,643,482, or 9.66%. In 1911, on the other hand, our early statement showed \$1,238,713 decrease, or 1.99%. Prior to 1911 the record was one of almost continuous gains, except that a very heavy contraction occurred in 1908 following the panic of 1907, as will be seen by the summary of the totals which we now present :

Apr. 1 to	Roads.	Mileage.			Gross Earnings.		
		Year Given.	Year Preceding.	Increase.	Year Given.	Year Preceding.	Increase (+) or Decrease (-).
1897.	127	94,489	93,813	0.72	35,879,305	35,887,851	-8,546
1898.	125	96,616	95,472	1.19	42,467,647	36,570,132	+5,897,515
1899.	119	93,643	92,452	1.28	42,404,311	40,802,678	+1,601,633
1900.	111	97,191	95,189	2.19	50,085,121	44,866,508	+5,222,229
1901.	97	96,874	93,923	3.14	60,046,333	46,643,800	+13,402,533
1902.	88	95,147	93,696	1.55	57,842,566	52,093,000	+5,749,566
1903.	80	101,421	99,430	1.98	69,812,310	61,418,230	+8,394,080
1904.	68	85,599	83,301	2.76	51,399,901	53,825,303	-2,425,402
1905.	58	80,740	79,409	1.60	51,243,441	47,140,179	+4,103,262
1906.	56	77,543	75,829	2.26	52,409,705	46,946,012	+5,463,693
1907.	65	93,472	91,920	1.69	79,596,158	68,521,631	+11,074,527
1908.	53	79,203	78,027	1.51	46,398,330	57,834,380	-11,436,050
1909.	50	77,484	76,041	2.02	48,753,048	43,104,376	+5,648,672
1910.	50	86,023	83,690	2.82	60,761,733	52,437,528	+8,324,205
1911.	50	88,142	86,488	1.91	60,981,607	62,220,320	-1,238,713
1912.	44	86,558	84,961	1.89	64,098,256	58,452,774	+5,645,482
1913.	45	88,299	86,071	2.60	69,440,730	65,197,418	+4,243,312
1914.	50	93,167	91,892	1.38	67,980,433	72,446,441	-4,466,008
1915.	50	89,285	88,425	0.97	60,352,163	65,744,987	-5,392,824
1916.	46	89,588	87,566	2.31	71,611,667	58,481,044	+13,130,623

Note.—We do not include Mexican roads in any of the years.

Among the separate roads there are but three decreases reported, only one of which is of considerable amount, namely that of the Missouri Kansas & Texas for \$157,607. In the following we show all changes for the separate roads in excess of \$30,000, whether increases or decreases:

PRINCIPAL CHANGES IN GROSS EARNINGS IN APRIL.			
Increase.		Increase.	
Canadian Pacific.....	\$3,494,000	Texas & Pacific.....	\$140,652
Great Northern.....	1,551,012	Mobile & Ohio.....	125,505
Northern Pacific.....	1,064,000	Western Maryland.....	106,044
Louisville & Nashville.....	921,752	Chicago Ind. & Louisv.....	83,395
Canadian Northern.....	875,400	Alabama Great Southern.....	74,464
Southern Railway.....	853,216	Colorado & Southern.....	72,945
Illinois Central.....	693,710	Duluth So. Shore & Atl.....	69,853
Grand Trunk (4 roads).....	679,727	Toledo St. Louis & West.....	59,088
Minneapolis St P & S M.....	611,360	Yazoo & Miss Valley.....	46,783
Chesapeake & Ohio.....	395,529		
Denver & Rio Grande.....	288,900	Representing 28 roads	
St. Louis Southwestern.....	232,000	in our compilation.....	\$13,071,822
Buffalo Roch & Pittab.....	222,735		
Grand Trunk Pacific.....	202,294		
Cine New Ork & Tex Pac.....	150,336	Missouri Kansas & Texas.....	\$157,607
Chicago Great Western.....	148,222		

a These figures are for three weeks only.

To complete our analysis we furnish the following six-year comparisons of the earnings of leading roads arranged in groups.

EARNINGS OF SOUTHERN GROUP.

Table with columns: April, 1916, 1915, 1914, 1913, 1912, 1911. Rows include Alabama Great Southern, Ala N O & T P, New Or & N E, Alabama & Vicksburg, Vicks Shreve & Pacific, Ann Arbor, Atlanta Birm & Atl, Bellefonte Central, Buffalo Roch & Pittsb, Canadian Northern, Canadian Pacific, Chesapeake & Ohio, Chicago Great Western, Chicago Ind & Louisville, Cinc N O & T P, Loulv & Nashv, Mobile & Ohio, Southern Ry, Yazoo & Miss Val.

Total 19,118,564 16,486,093 17,556,475 16,329,318 16,411,120 14,750,585

* Includes the Louisville & Atlantic and the Frankfort & Cincinnati.
c Includes Chesapeake & Ohio of Indiana.

EARNINGS OF SOUTHWESTERN GROUP.

Table with columns: April, 1916, 1915, 1914, 1913, 1912, 1911. Rows include Colorado & Sou, Denver & Rio Gr, Mo Kan & N E, St Louis S O West, Texas & Pacific, Total.

Total 7,911,268 7,334,378 7,148,124 7,549,172 6,962,570 6,793,971

* Includes Texas Central in all the years and Wichita Falls line from Nov. 1 1912.

EARNINGS OF NORTHWESTERN AND NORTH PACIFIC GROUP.

Table with columns: April, 1916, 1915, 1914, 1913, 1912, 1911. Rows include Canadian Pacific, Chic Great West, Dul So Sh & Atl, Great Northern, Minn & St L, M St P & S S M, Northern Pacific, Total.

Total 27,145,121 20,267,992 24,579,009 28,067,675 24,954,469 21,701,641

* Includes Mason City & Fort Dodge and the Wisconsin Minnesota & Pacific.
a Includes Iowa Central.

EARNINGS OF MIDDLE AND MIDDLE WESTERN GROUP.

Table with columns: April, 1916, 1915, 1914, 1913, 1912, 1911. Rows include Buff Roch & Pitts, Chic Ind & Lou, Grand Trunk, Grand Trk W, Det G H & Mil, Canada Atl, Illinois Central, Tol Peo & West, Tol St L & West, Western Maryld, Total.

Total 13,062,990 11,213,735 11,415,813 11,780,798 10,508,013 10,694,285

* Includes earnings of Indianapolis Southern.

We now insert our detailed statement comprising all the roads that have thus far furnished returns for April. In a further statement we give the comparative earnings for the same roads for the period since the first of January.

GROSS EARNINGS AND MILEAGE IN APRIL.

Table with columns: Name of Road, Gross Earnings (1916, 1915, Inc. (+) or Dec. (-)), Mileage (1916, 1915). Rows include Alabama Great South, Ala N O & Texas Pacific, New Orleans & N E, Alabama & Vicksburg, Vicks Shreve & Pacific, Ann Arbor, Atlanta Birm & Atl, Bellefonte Central, Buffalo Roch & Pittsb, Canadian Northern, Canadian Pacific, Chesapeake & Ohio, Chicago Great Western, Chicago Ind & Louisville, Cinc N O & T P, Colorado & Southern, Denver & Rio Grande, Denver & Salt Lake, Detroit & Mackinac, Duluth So Sh & Atlantic, Georgia South & Florida, Grand Trunk of Can, Grand Trunk West, Det Gr Hav & Milw, Canada Atlantic, Grand Trunk Pacific, Great Northern, Illinois Central, Louisville & Nashville, Mineral Range, Minneapolis & St Louis, Iowa Central, Minn St P & S S M, Mo Kan & Texas, Mobile & Ohio, Nevada-Cal-Oregon, Northern Pacific, Rio Grande Southern, St Louis Southwestern, Southern Railway, Tenn Ala & Georgia, Texas & Pacific, Toledo Peoria & West, Toledo St Louis & West, Virginia & Southwestern, Western Maryland, Yazoo & Miss Valley, Total (46 roads), Net increase (22.45%).

Total (46 roads) 71,611,067 58,481,044 +13,130,023 80,588 87,566

* Includes Texas Central in both years. b These figures are for three weeks only.

GROSS EARNINGS FROM JANUARY 1 TO APRIL 30.

Table with columns: Name of Road, 1916, 1915, Increase, Decrease. Rows include Alabama Great Southern, Ala N O & Texas Pacific, New Orleans & No East, Alabama & Vicksburg, Vicks Shreve & Pacific, Ann Arbor, Atlanta Birm & Atlantic, Bellefonte Central, Buffalo Roch & Pittsburgh, Canadian Northern, Canadian Pacific, Chesapeake & Ohio, Chicago Great Western, Chicago Ind & Louisville, Cinc New Or & Texas Pac, Colorado & Southern, Denver & Rio Grande, Denver & Salt Lake, Detroit & Mackinac, Duluth South Shore & Atl, Georgia South & Florida, Grand Trunk of Canada, Grand Trunk Western, Det Gr Haven & Milw, Canada Atlantic, Grand Trunk Pacific, Great Northern, Illinois Central, Louisville & Nashville, Mineral Range, Minneapolis & St Louis, Iowa Central, Minneap St Paul & S S M, Missouri Kansas & Texas, Mobile & Ohio, Nevada-California-Oregon, Northern Pacific, Rio Grande Southern, St Louis Southwestern, Southern Railway, Tenn Alabama & Georgia, Texas & Pacific, Toledo Peoria & Western, Toledo St Louis & Western, Virginia & Southwestern, Western Maryland, Yazoo & Miss Valley, Total (46 roads), Net increase (22.22%).

* Includes the Texas Central in both years.
b These figures are down to the end of the third week only.

BOOK NOTICES.

AN AMERICAN BANKING SYSTEM. By Charles N. Fowler. With an Introduction by Elmer H. Youngman, Editor of "The Bankers Magazine." New York: The Bankers Publishing Co. Price \$1.00.

This is a reprint of the chapter on Banking in Mr. Fowler's larger work entitled "National Issues of 1916." The chief purpose of the treatise is to show that the Federal Reserve banking system is structurally unsound and to furnish the outlines of a better system to take its place. What appeals to us most, however, is Mr. Fowler's discussion of the nature and the functions of a "Bank Credit Currency." In this respect it is not surpassed by any work that has come to our notice. It constitutes a masterly presentation of the subject. We have never seen the principles underlying a bank note currency, and its functions, presented with greater lucidity and with more convincing and compelling logic. Nor have we ever seen an argument on the subject fortified with such a wealth of illustrations derived from history and experience. Should any one in reading this book start skeptical as to the merits of a Bank Credit Currency, his doubts will disappear as he gets deeper into the book and as he comes under the influence of the author's reasoning and logic, for Mr. Fowler piles argument upon argument and illustration upon illustration until by his analysis he carries everything before him and the reader with him. Mr. Fowler has always been thoroughly sound and his knowledge of the history, the theory and the principles of banking in all its phases is profound, but on this subject of a Bank Credit Currency he has written something that could be made to stand as a text book for all time if divested of other matter.

What our critic has to say of the Federal Reserve Law would in our estimation carry greater weight if it were couched in more temperate language, but Mr. Fowler is a man incapable of compromising with error, and as he speaks from an intenseness of conviction that knows no bounds, it is perhaps not surprising to find him exhausting the vocabulary in expressing his repugnance to the system. Mr. Fowler accepts as his basic principle Hamilton's theorem that "every loan which a bank makes is, in its first shape, a credit given to the borrower on its books, the amount of which it stands ready to pay, either in its own notes or in gold and silver and at his option." A perfect banking system will provide for the complete interconvertibility of bank book credits (deposits), bank note credits (note issues) and gold, the latter constituting the only true money and the only legitimate basis for reserves. The source of nearly all financial ills is found in the idea—the "insane idea," Mr. Fowler calls

it—that a debt, a demand for money, however certain it is of being redeemed in money, is itself money. He believes in the perfect freedom of a bank credit currency limited to the capital of the banks, supported by adequate gold reserves and always convertible into gold on demand, but he is uncompromising in insisting that credit currency should never be converted into paper coin. On that point the following sweeping condemnation might well be aimed at the practice of the Federal Reserve banks in issuing Federal Reserve notes to impound gold in the hands of Federal Reserve Agents and then proposing that gold so held by the Federal Reserve Agents, shall be counted as part of their own gold reserve.

Every paragraph, every sentence, every word, every syllable that is used to change or convert a true bank credit instrument into paper coin, correspondingly and identically to the same degree destroys its virtue and usefulness as a credit instrument and makes it to the same degree and directly in the same proportion the deadly and destructive enemy of the very coin whose nature it is made by statute to approximate or assume.

This is the fateful feature of the Federal Reserve bank notes. And the result will be inevitably identical with the consequences which followed this experiment in Great Britain prior to the passage of the English Bank Act.

He argues with much force that a true "Bank Credit Currency" will increase and decrease precisely as checks and drafts do, always rising and falling in perfect accord with the ever varying demands of trade. Granted the privilege of choice between bank book credit and bank note credit, the habits of the people will always determine whether or not the amount of "Bank Credit Currency" in any country will in the average exceed the amount of bank deposits subject to check. Moreover, he insists that bank deposits subject to check and "Bank Credit Currency" are identically the same thing in principle. He shows that the principle is of universal application and furthermore he cites history and experience in support of the conclusion that in operation it has never failed to produce satisfactory results. We quote, herewith, from that part of the argument.

The principle is just as uniform and universal in its application and operation as that of deposits subject to check, and has always worked equally well at all times, in all countries and under all circumstances and conditions wherever and whenever tried. It has been in operation in France since 1903. The Bank of France has deposits amounting to only \$120,000,000, while its "Bank Credit Currency" outstanding before the war was more than ten times as much, or \$1,200,000,000. Scotland has nine banks of issue. This principle has been in operation there for a period of two hundred and twenty years. Canada has twenty-four banks of issue. It has been in operation there for a period of nearly one hundred years. Prior to the Civil War it was in successful operation in thirteen different States, and its currency was issued under General Banking Laws, as in Louisiana; by single banks with branches as in Virginia, Kentucky, Ohio, Indiana, Iowa and Missouri; and by five hundred individual banks, without any branches, in the six New England States. Nothing is lacking in proof, therefore, to demonstrate that we are dealing with a principle that is in no way limited in its application or operation any more than deposits subject to check are limited. The principle is identically the same.

Such "Bank Credit Notes" would retain all their pure credit character. On the other hand, the credit character of the Federal Reserve bank notes has, in his estimation, been completely destroyed by putting them on a par with United States notes which are legal tender, and by the many difficulties surrounding their issue and the fact that their issuance is not related to current business transactions in the production and transportation of commodities.

Mr. Fowler points out that the two most clearly demonstrated facts, the two established principles of fundamental importance in the financial and banking history of the world, are: First. That there should be one single central reserve and that that reserve should consist of gold, and gold alone, and that the function of creating currency out of credit should not be identified with or a part of the central reserve system. Second. That the best and cheapest kind of currency in the world is "Bank Credit Currency," and that it should spring into being in the regular course of business, precisely as checks do, and be redeemed daily at the counter of the bank of issue and through the clearing houses precisely as checks are, "for they are identical in principle—both are bank credit, both are I O U's—the one; the depositor's check, being *order credit*; the other, the bank note, being *current credit*." "These two demonstrated facts," he goes on to say, "these two great fundamental principles, recognized and followed to their logical conclusion, will unerringly lead us to adopt the 'central gold' reserve system of England, and the 'Bank Credit Currency' system of Canada. These two being combined will give us the most natural, the simplest, the soundest, the most economical and the most efficient banking system in the world, and guarantee to us every natural advantage to become the financial centre of the world." He has a profound admiration for our clearing houses, and would extend their functions and usefulness as will be seen by the following excerpts:

The "American Clearing House," which is purely the product of experience, has grown up not only without any statutory direction or encouragement even, but, in a single respect at least, in actual defiance of law.

Our most highly developed clearing houses, such as exist in Chicago, New York and some twenty other cities, are the most complete, perfect and scientific expressions of organized banking that have ever existed in the world.

If these clearing house organizations, which are the rich product of untrammelled experience, should be extended to all the territory that is economically within the "commercial zone" of which the respective cities are the natural credit centres, all the banks of the United States must necessarily become component, active and efficient parts of the organic life of American banking and American commerce.

With such an organization, which would necessarily include all banks, every single bank in the United States would be conscious of the fact that it was inherently and economically an active part and an efficient and responsible factor in a truly "American Banking System."

We must keep constantly and vigilantly in mind that every step in the development of the "American Clearing House" has been taken as the result of experience—vast and cumulative experience—and that this is the justification for its existence, preservation and utilization, and alone can account for the fact of its perfection as a banking device. There are now more than two hundred and fifty of these institutions in the United States.

I would give more, a thousand times more, for the concentrated wisdom of fifty years of untrammelled experience expressed in the practices of the "American Clearing Houses" than for all the sublimated ignorance of Congressmen upon this great question during the same fifty years.

Clearing houses have without any authority of law adopted the following rules for their guidance and control: (a) They have fixed charges for services; (b) they have provided reserves for their convenience; (c) they have forced all the banks which are members, and all those clearing through them, to submit to examinations; (d) they have not only issued clearing house certificates for use in settling balances, but for circulation as currency in denominations of \$1, \$2, \$5, \$10, \$20, \$50, \$100 to meet the demands of trade.

Here, then, is the most marvelous machine known to the commercial world. It has come to its completeness by the sure process of evolution. Nothing is obviously wanting to make it more fit to meet the exacting demands of trade within its sphere, although, as a result of the interference of statutes, some of the methods it has been forced to adopt have crippled its facility and interfered with its efficiency.

This most highly developed clearing house is a complete and perfect type of what the superstructure of a truly American banking system must be.

I assert that if we should extend this clearing-house organization to all the banks naturally related to each economic centre, thus creating forty-five or fifty commercial zones in the United States, and should then bind these commercial zones together by uniting all of their separate reserves into one common reserve for the mutual convenience and protection of all the banks of the country, we should have the simplest, the most natural, the most economical, the most efficient, the soundest and strongest banking system in the world.

A banking system created in this way would be purely the product of evolutionary changes growing out of adjustments suggested by our experience covering more than a century and a quarter, and therefore would be marvelously adapted to our peculiar conditions and particular needs.

Such a banking system would be the freest conceivable, consistent with soundness and without comparison the most convenient and economical in the world. It would be the least troublesome and the least burdensome to the bankers, and at the same time the most advantageous and the least expensive to the people.

That the author is not in favor of reckless methods, but insists that any true banking system must contain proper safeguards and checks against abuse and over-confidence, is evident from his discussion of the subject of bank acceptances as follows:

Although credit, as I have demonstrated, is the most potential, beneficial, facile, efficient and incomparably the most economical capital in the world, indeed the only wonder-working, miracle-working capital in the world when used in the employment of human resources devoted to the production of necessary consumable commodities, it may become the source of incalculable harm when lavishly and recklessly extended to the people during periods of rapid development, over-expansion and speculative ventures. It is during such times as these that accommodation paper becomes a most dangerous and destructive force and the certain forerunner and cause of those most terrible commercial crises in the history of the world. Like fire and water, credit is the most beneficent of all servants, but the most terrible and cruel of all masters.

Mr. Fowler then argues that acceptances, like bank credit subject to check, and bank credit currency, should be protected by the same law of reserves. Altogether the book is a notable one.

INVESTMENT AND SPECULATION.—A text book in the La Salle Business Administration Course and Service, setting forth the various current phases of Stocks and Bonds. By Louis Guenther, Editor "Financial World," New York. La Salle Extension University, Chicago. 1916. Price \$2 00 postpaid.

An increasing number of text and supplementary reading books are appearing having to do with the theory and practice of business. We have here a list of eighteen titles, ranging from business psychology, by the renowned Munsterberg, on through salesmanship, business law and economics, American banking, financing and advertising, retail merchandising, railway regulation, ocean trade, accounting, office organization, and other. Each is prepared by an author presumably intimately acquainted with the kind or feature of business of which he writes. In so far as such books confine themselves to imparting information upon established principles and current customs of trade, they are to be commended, but a text book should be wary of exhibiting the bias of economic theory.

The above volume by Mr. Louis Guenther presents in a comprehensive, though somewhat discursive, way the broad field of investment and speculation in stocks and bonds. It points out the elements of risk in all industry and its representative values, describes in detail the many kinds of stocks and bonds, the methods of trading in securities, the mechanism and operation of exchanges, the terms, phrases and customs of the stock market, to which are added chapters on panics, pools and manipulation, the promoter's part in finance, the "get-rich-quick" lure, and business barometers.

The information furnished in these chapters is extensive, current, intimate. Every business man and lay reader will find here the dependable facts necessary to safety in investment of surplus funds in securities. The constructive plan of the book is no doubt explained by the effort to impart this information in an attractive and pertinent way. The author's aim is to afford actual service. His scope of knowledge is abundantly ample. He is impartial and fair. And by virtue of the nature of his task he deals with the elemental. No one who reads the book and follows the principles and cautions laid down will blunder into any gross risks in the placement of funds.

Our criticism of this book is that the author, in an endeavor to show the inevitable risks which attend all business and industry, the optimism necessary to undertake the hazard, and the good which ensues from what he would term, perhaps, legitimate speculation, unconsciously, it may be, becomes too much the special pleader for the case of speculation, and fails to point out a distinct line of cleavage between investment and speculation. He is too much engrossed, it would seem, in dealing with representatives of value, as bought and sold on the stock exchange; although he points out clearly that the industries themselves are the basis of all true estimates. Though modified by the context from which they are drawn, we should object in any event to statements such as these:

Defining the difference between investment and speculation is not easy, as there are no hard and fast rules to distinguish them.

Unforeseen events will often transform an investment into a speculation or change what at one time appeared a risky speculation into a very desirable investment.

Broadly speaking, there is no distinction between the two methods of laying out capital beyond that made in the public mind by the measure of risk involved.

And again:

Without speculation no business could progress. It is the dynamic power behind every incentive to activity and progress. It is the desire for gain which prompts the inception of every venture. If it is all that, then it can be readily seen how necessary speculation is. In fact, speculation in its highest form has shaped the course of history and often changed the map of the world.

And yet the author is equally sure there is no science of speculation, no "systems" worthy the name which may be adopted, and he quotes a definition of speculation by the German writer Cohn as quite to the point, namely: "The struggle of well-equipped intelligence with the blind power of chance." But business and industry could never be systematized, directed, operated, if they were in combat with "blind powers of chance." They are not. They are but utilizing the well-known and immutable laws of nature in production. And, therefore, it ought not to be hard to draw a distinct line of cleavage between investment and speculation, and their representatives of value will obtain character accordingly. Thus the placing of capital in a productive enterprise for the purpose of accumulation through use is primarily and purely an investment, no matter what unforeseen events may occur.

We have given space to these observations upon an otherwise commendable book, for the reason that we deem it worth while to say of all these text and reading books that their sole object should be the imparting of accurate information and little else. It is quite proper to show the general benefits of exchanges. The author's illustration of Germany prohibiting the trading in grain on the Bourse, only to find that the producers were in the hands of the millers without guide, and the repeal of the law, carries its full weight. The perfection of methods in our own exchanges in the interest of fair dealing and complete transactions and honorable adjustments it is well to state. But we think speculation, per se, needs no special defenders. It will continue to take care of itself. But it is very important that no confusion exist in the business or lay mind between this and investment. They are not the same thing, though the best laid plans of investors may sometimes go awry.

The author undertakes, out of his fund of knowledge, to furnish illustrations in support of all his numerous statements, and usually his illustrations are very pat, but he has evidently relied much upon his memory in all this, and occa-

sionally his memory plays him tricks. Thus we find him saying: "The panic of 1907 is a good illustration of the immutability of this law of economics. Security prices had been held up by sheer force for a year previous," &c. So far from security prices having been held up, they had suffered frightful declines for practically the whole of the two years preceding the panic. As indicating how far astray the author is in his remarks in that respect, we take the following from our "Retrospect of 1907," printed after the close of that eventful year:

Whatever may be said of the contributory influences, no competent student of affairs can deny that the controlling element in the financial revolution which came in October and November was the tremendous shrinkage in security values which had been steadily going on for a period of nearly two years, and the complete loss of confidence in the financial world resulting from that circumstance and from legislative and governmental assaults upon the railroads, upon corporate activity generally and upon capital and accumulated wealth.

Again in our review of the course of the stock market for 1907 we said:

The stock market, as already indicated, passed through an almost continuous series of convulsions, and there was hardly a sustained period of recovery throughout the whole year. Exceedingly critical and acute periods were met with in March, again in August and finally in October and November. But the breaks on those occasions were simply violent manifestations of a state of depression that was literally interminable.

The book contains 281 pages of printed matter, and is accompanied with a full index. Lists of test questions for use of students are appended to each chapter. The binding is flexible leather, the print and paper good.

CREDITS AND COLLECTIONS.—A text book in the La Salle Business Administration Course and Service, in three parts: *Credits*, by Edward M. Skinner, General Manager Wilson Bros.; formerly President Chicago Association of Commerce; *Collections*, by R. S. White, Credit and Collection Manager, American Steel & Wire Co.; *Installment Collections*, by H. E. Cramer, Mail Collection Expert and Counselor, La Salle Extension University, Chicago, 1916. Price \$2 00 postpaid.

This is another volume in the series of text books above mentioned. In the first division of the book, the part mercantile credit plays in the retail business of the country is set forth, together with an analysis of the elements of this form of credit upon which wholesalers base their extensions. Chapters are devoted to the sources of credit information, its collection, classification and use.

We look with approval upon the effort of the writer to deal with principles and avoid insinuating upon any given system involving an acceptance of forms more or less rigid. Mercantile credit has been reduced to a comparative science, and the efficient credit man, well grounded in this, will be able to adapt its principles to the particular needs of the individual business. It is well, also, to point out that the proper extension of credit has become a constructive process involving on the part of the wholesaler a constant "looking out for the other fellow" in the transaction. The second division, *Collections*, carries the student on into an examination of the processes of the collection of debts, methods of classifying accounts, the actual procedure and practice of enforcing payment, and the collateral issues of rights of creditors, negotiable instruments and legal processes. Here again we find prompt recognition of the fact that the nature and volume of the individual business must in the end control the methods and system employed.

In placing the *Mail-Order Installment Collections* in a separate division, it is made apparent that the object is to impart information upon a growing section of the general subject. The author very frankly raises the question whether or not the modern installment plan is an unmixed good, but emphasizes the fact that it is an evidence of "trust the people," which is no more than a broad extension of that trust which permeates all business. One might perhaps object to some of the methods of collection by these houses as tending too much to the inquisitorial, but if the installment plan be regarded for the general good, these means must largely justify themselves.

The book contains 263 pages, with index, and is uniform with the series.

THE PREPAREDNESS PARADE.

To-day, May 13, seems likely to be a memorable day in the history of New York City. In the banking district and in other lines, business will be practically suspended, so that 115,000 men and 20,000 women may parade to demonstrate, in a practical way, their opinion with regard to the preparedness idea. With 10,000 National Guardsmen a total of 145,000 marchers, it is expected, will be in line. The parade,

which, it is thought, will be the largest in the history of the country, is counted upon to be twenty miles in length, thirteen hours long, and the participants are to march twenty abreast. Practically every trade and profession in the city will be represented. As indicating the purpose of the demonstration the following statement was issued on the 4th inst. by the executive committee in charge of the arrangements for the Citizens' Preparedness Parade:

This non-partisan parade is an act of constructive patriotism, and not in any sense critical of anybody or anything. No political banners can be carried in the columns, nor any bearing critical comments, nor any signs advertising firms or companies. No vehicles will be permitted and no uniforms worn except by our bandsmen and by the National Guard division. No mounted men will be in line except the aides of the Grand Marshal. No existing organization, either commercial, civic, political or patriotic, had any part in the starting or development of this parade.

It was the spontaneous response to the call for such a demonstration sent out by a few patriotic individuals on March 10, and the record-breaking number of business men who will be in line on May 13 proves that the people of New York City believe in, want and intend to have the adequate protection that comes from businesslike, systematic preparedness.

PIERRE JAY ON THE COUNTRY BANKER AND THE FEDERAL RESERVE SYSTEM.

An interesting address delivered by Pierre Jay, Federal Reserve Agent at New York, on April 17 at the banquet given by the Jefferson County National Bank of Watertown, N. Y., on the 100th anniversary of the establishment of the bank has been reprinted in pamphlet form. Mr. Jay set out in his customary comprehensive and lucid way the advantages and the disadvantages of the Federal Reserve system to the country bank, and as the subject possesses special interest at this juncture in view of the fact that the Federal Reserve Board is about to inaugurate a nationwide collection system, we reproduce here the particularly salient portions of the address as follows:

THE PRINCIPAL ADVANTAGES.

Let us begin with the facilities and advantages:

1. *Insurance Against Currency Panics.*—It is an insurance, complete and effective so far as we can see, against currency panics. The supply of Federal Reserve notes carried on hand at all times by the Federal Reserve system is far in excess of the amount of Aldrich-Vreeland notes which were used, and the machinery for their issue is in daily operation.

2. *Redcounting.*—It provides a place where the normal, every-day paper of the country bank may be redcounted and the proceeds withdrawn either by check or in currency. The country banker at first feared that redcounting would be accompanied by much formality and red tape; that his paper would not be eligible for redcount; that his notes were too small to offer to the Reserve bank. None of these apprehensions is warranted. I wish I could show you the list of notes under \$100, with some running as low as \$20, which we have already put through for our member banks. No note is too small to redcount at the Federal Reserve bank; the reports show that a larger percentage of country bank paper than of city bank paper is deemed eligible for redcount, and the only formality or red tape which we impose in redcounting is to ask that paper shall not contain irregularities, and that we shall be advised whether or not you have statements of the borrowers on file. More banks redcounted with us in March than in any previous month. As I have said, you may redcount with your Federal Reserve bank as a statutory right, not by special arrangement or perhaps favor, as at your present Reserve agents; nor is there any limit to the amount you may borrow of a Federal Reserve bank, except the resources of the latter and the exercise of usual banking prudence on the part of its officers.

3. *Reserves Reduced.*—The Federal Reserve Act reduced your reserves on demand deposits from 15% to 12%, on time deposits from 15% to 5%. Many banks feel that with the Reserve system in existence they can safely run closer to their legal reserves than heretofore. An amendment proposed to Congress by the Federal Reserve Board will permit a member bank, for short periods, to borrow on its own note secured by eligible paper, instead of actually redcounting the paper itself. Such a note, though running only a few days, perhaps to cover a sudden demand, or depletion of reserves, might have as collateral paper maturing in two or three months; and the amendment, if enacted, would obviate the just criticism of the country banker that he often does not have paper covering the exact period for which he wishes to borrow.

4. *Loans on Mortgages.*—The Federal Reserve Act permits country banks to loan a certain percentage of their capital or time deposits on farm mortgages. An amendment proposed to Congress by the Federal Reserve Board seeks to broaden such real estate collateral to include city, town and village property, thereby putting the national banks on substantially the same basis, in this respect, as the State institutions.

5. *Fiduciary Powers.*—The Act provides that permits may be issued to national banks, when not in contravention of State law, to act as trustee, executor and administrator of estates and as registrar of stocks and bonds, in the same manner in which trust companies now act. As our counsel believes that, except with respect to acting as registrar, the exercise of fiduciary powers is not sanctioned by the law of this State, no general fiduciary permits have been or will be issued in New York State unless its laws are amended, but a number have been issued to banks in New Jersey; they have also been issued to banks in many States outside this district.

6. *Power to Accept Drafts.*—The Act empowers member banks to accept drafts drawn upon them growing out of the importation or exportation of goods, and the Federal Reserve Board has proposed to Congress that the privilege should be extended to domestic transactions as well. While the present power may prove of little advantage to the country bank, the power to accept for domestic transactions, if granted, may prove of considerable value.

7. *Purchase of Government Bonds.*—The Act provides that the Reserve banks, during a period of thirty years, shall purchase from the national banks their Government bonds. The operation has begun, a substantial volume of bonds has been bought and United States 2s, which eighteen months ago stood at 97, are now at par.

8. *Carrying Bonds to Use as Collateral for Loans Now Unnecessary.*—As the country bank, through its Reserve bank, may at any time convert into cash the notes of the farmers, merchants and manufacturers, who are its

depositors, it need no longer carry bonds of various kinds to use as collateral in borrowing from its city correspondent.

9. *Fiscal Agency of the Government.*—The exercise by the Reserve system of its function as fiscal agent of the United States commenced on Jan. 1. A large volume of the current bank deposits of the Government are now carried in the Reserve banks and a beginning has been made of the close fiscal relations which should exist between the Government and the Reserve system, adding greatly to its strength and to its power to accommodate its member banks.

10. *Collection System.*—The Governors of the twelve Federal Reserve banks are meeting to-day in Washington, at the request of the Federal Reserve Board, to formulate a plan for a country-wide collection system which shall embrace all items whether cash or collection, and drawn on both national and State institutions. The aim of the collection system will be to return items for payment to the banks upon which they are drawn as promptly and cheaply as possible, and to reduce to a minimum the shipments of currency in settlement of balances.

You are doubtless familiar with the workings of the Gold Settlement Fund in Washington, established nearly a year ago by the twelve Reserve banks, through which a considerable part of the exchange balances of the twelve districts they serve has been settled, for the member banks without shipment of currency.

THE APPARENT DISADVANTAGES.

Let us now consider the disadvantages and the restrictions which the country banker feels his membership in the Reserve system imposes upon him.

Besides his natural regret at the lessening or termination of relations, often long established, with his city correspondents, these four stand out:

1. The failure of the Reserve bank, as yet, to pay dividends.
2. The certain loss of interest on reserve deposits.
3. The adjustments made necessary by the development of the collection system.
4. The probable loss of the revenue many country banks now secure by deducting exchange when remitting for checks drawn upon them.

I am glad to have the opportunity to discuss these with you in some detail.

1. *Failure to Pay Dividends.*—The earnings of the Federal Reserve Bank of New York in 1915 were \$111 less than its expenses. At present they are running considerably ahead of its expenses, at the rate of perhaps 3% on the stock. They are likely to be greater rather than less as time goes on, and when rates harden they will increase very materially. Dividends, as you know, are cumulative, and whenever discounting occurs in any volume back dividends will soon be earned. But this is a reserve system, and, if it performs its functions properly, it will withdraw its funds from investment in times of cheap money, like the present, and put them out freely in times of increasing rates. Consequently, its earnings are apt to be uneven, but over a period of years there should be no doubt whatever about its ability to earn and pay the 6% dividends authorized by law.

2. *Loss of Interest on Reserve Deposits.*—The country banker asks why, if his present Reserve agent allows him interest, his Reserve bank cannot do as well. I will tell him why.

In no other country but the United States, I believe, are commercial banks required by law to keep a certain percentage of their liabilities in cash. Most of the important countries have a central bank of issue and discount, with which the commercial banks keep such reserve as their business requires. No central bank, I believe, pays interest on deposits; it simply could not afford to do so. If it did, it would cease to be a reserve bank, for, in order to meet the enormous charge which the payment of interest on balances would entail, it would have to convert its gold into interest-bearing assets instead of holding it as a reserve. So the Federal Reserve Bank is following the established custom and practice of the reserve banks of other countries in paying no interest on its deposits. Except in times of very scarce money and heavy redcounting, times of stress, in other words, it could not possibly do so. The average rate of income received upon the invested assets of the Federal Reserve Bank of New York is now about 2.15%, so small is the redcounting by its member banks and so properly restricted to paper of the most liquid nature are its operations in the open market. In fact, in times of such abnormal bank reserves as the present, its own reserves should be at their maximum and its funds should be very largely withdrawn from use.

Its deposits from member banks and from the Government are now about \$195,000,000. You can readily see that, in order to pay 2% upon these deposits, it would have to invest about 88% of its funds, which would leave it with a reserve of about 13% instead of the minimum of 35% which it is required by law to keep and the far larger percentage which prudence would require it in normal times to maintain in order to be a real reserve bank. Even this balance of 13% could not be carried as reserve for most of it would have to be invested to pay the running expenses of the bank.

Congress recognized that the country banks would lose income by transferring their reserves to a bank which could pay no interest and, in view of the greater facility which the Reserve system offers them for replenishing reserves, it felt justified in reducing their required reserves. On demand deposits the reduction was from 15% to 12%. If you will figure the loss of interest at 2% on the amount of reserve you formerly kept with your Reserve agents and compare it with the income you might receive by lending at 6% the 3% of released reserves, you will find the results almost exactly balance. This takes no account of further savings resulting from the still greater reduction of reserves on time deposits. Again, if you will analyze carefully the interest you have been receiving on your reserve accounts, you will find it considerably less than 2% because most collecting banks defer crediting interest on out-of-town items for one or more days.

I trust that I have made clear to you that the reasons why it is impossible for the Reserve bank to pay interest on deposits are:

First, because it will usually carry a reserve several times as great as the 15% or 18% reserves which your present reserve agents are required to carry.

Second, because of the low rate which will usually prevail on the very restricted and liquid investments it is authorized to make.

I trust I have also made clear that if you are able to take advantage of the reduced reserves, as many country banks are doing even in these easy times, you are losing no money by maintaining balances without interest in the Reserve bank.

3. *Adjustments from Development of Collection System.*—All students of our domestic exchanges agree that our present methods of handling checks are indirect, unscientific and uneconomical. The Act requires the Federal Reserve banks to provide a clearing or collection system for their member banks. It will be their duty gradually to develop and operate at minimum cost a collection system which shall be safe, automatic and direct, which shall reduce to a minimum shipments of currency in settlements between banks, and which shall embrace the entire country and handle items of all kinds on both national and State institutions, including drafts and collections.

During the past ten months eleven Federal Reserve banks have conducted within their own districts an experimental collection system on the basis of

giving immediate credit for, and making immediate debit of, the items handled. In most of the districts but a small proportion of the member banks have used it, and charging items to their accounts before they could either be advised of the amounts charged or see the items has not only constantly impaired their reserve balances, but almost daily has created overdrafts in the accounts of several banks. This basis has proved unsatisfactory to all. The member bank has had no control over its reserves, while the Reserve bank has not only had less deposits than the law contemplated, but has had daily either to assume the responsibility of permitting the accounts of several of its member banks to become overdrawn, or to decline to accept checks drawn upon them. The immediate debit and credit basis gives the member bank no opportunity to maintain its reserves with us by transferring funds or by rediscounting. The members of our present collection system have tried to maintain their reserves, but they have discovered the difficulties the basis entails and their lack of success has not lessened our appreciation of their generous spirit in continuing as members and enabling us to give the plan a fair trial.

The experience thus gained has convinced us that the safe and satisfactory basis for both member banks and Reserve banks is one which defers both the credit and the debit. On this basis a check on a country bank deposited with us would be mailed to the country bank to-day, would reach it to-morrow, and on the day after would be charged to its account. The country banks would have time to advise us of the payment of the check, and, if necessary, to remit or transfer funds, or make a rediscount to cover it. The credit to the depositing bank would be simultaneous with the debit to the paying bank. Thus the member banks could control and maintain their reserve accounts.

What the country banks are now receiving is substantially immediate credit and deferred debit. The reserve and collection agents usually buy the country bank's out-of-town checks but do not require it to remit for checks drawn upon it until they are paid. Several country bankers have asked why the Federal Reserve bank could not give them as good terms as their present collection agents. I think the reason will be clear on analysis. The amount of uncollected checks constantly in transit in the mails has been estimated from \$300,000,000 to \$500,000,000. The burden of carrying this great volume of floating checks is shared by the 27,000 banks in the country with total resources of over \$27,000,000,000. On the other hand, the aggregate resources of the twelve Reserve banks are now about \$500,000,000. If these institutions tried to absorb a float substantially equal to their entire resources, I think it will be apparent that their reserves would be constantly afloat in the mails instead of in their vaults, and their value as reserve agents completely nullified.

It has been demonstrated that in times of stress the great volume of float, even when distributed among many banks with vast resources, has proved embarrassing, dislocated our domestic exchanges and greatly retarded the return to normal. The custom of considering both cash and uncollected checks, indiscriminately, as bank reserves has developed one of the most difficult problems which the Act intends the Federal Reserve system to solve, because its solution affects the daily practices of every bank in the country. Under the present system the country bank carries its float with its Reserve agent. Many obtain a collection service without cost because the minimum reserve balances they are required by law to carry, compensate their Reserve agents for buying their float. But most country banks with many active accounts are usually compelled to carry large excess balances in order to compensate collecting agents for absorbing their float. As the reserves of the country banks, when transferred to the Federal Reserve bank, can no longer absorb all or part of their float, for the reasons above stated, it is clear that the country banks must absorb their own float. They will either have to carry their float as a transit account on their own books, or the books of their Reserve bank, or they will have to keep a balance with some city bank which will compensate it for absorbing their float. This will inevitably lead gradually to their requiring their customers, the local merchants and manufacturers who deposit the out-of-town checks, to keep sufficient balances to absorb their own float. When this result has been attained, the burden of carrying the float will fall where it properly belongs, on the shoulders of those who create it. But through the operation of such a direct and economical collection system as it is in the power of the Federal Reserve system to develop and operate, the float should be very greatly reduced, and the burden of keeping large excess balances which it now imposes on most banks should be greatly lightened.

If par collections should be instituted, many existing obstacles to a freer transfer of funds would be removed and many merchants and manufacturers would keep at home funds they now send to city banks on which checks are everywhere acceptable.

4. *Loss of Exchange Revenue.*—Not many years ago the country merchant who wished to remit to the merchant in New York would go to his bank and secure a New York draft. Often such drafts were furnished without charge; perhaps more often a small charge would be made. As competition has developed, city merchants have grown more and more willing to accept country checks in payment of accounts, and the acceptance of these country checks, first by the city merchants, and then by their banks, has rapidly increased the volume of checks in process of collection, commonly called the "float." The city merchant and his banker, having been put in the position of holding a check payable over the counter of a country bank, have submitted for many years to a charge for the collection of this check, based theoretically on the cost of remitting currency in payment therefor. Yet, in fact, very little currency is shipped. The amount of the checks drawn on the country bank is just about offset each day by the amount of out-of-town checks which it receives on deposit and sends to its collection agents. When the check which has been sent to the city merchant reaches the country bank, it is usually paid by a check on New York or in some exchange acceptable to the sending bank. It has been estimated that in 90% of the cases the actual cost of remitting is nothing; yet the country bank charges for it somewhat as though currency were shipped.

What are the arguments on this subject? As I see them, and I stand ready to be corrected by those who know far more about it, the country banker first says that to deprive him of his exchange would be seriously to impair his earnings; that his exchange account perhaps pays his cashier's salary, or earns 2 per cent or 4 per cent on his capital. This may appear to be the case, and certainly most country bankers believe it is so; although I am inclined to think that under a careful analysis the earnings from exchange would often shrink materially. But, admitting substantial earnings from exchange, let us ask whether the charge is a legitimate one. The country banker replies, naturally, that the check is payable over his counter and not in New York. But this reply is not conclusive and the following questions are asked: What is it payable in over his counter? Is it not payable in cash? Assume that for a month all the checks drawn by his customers and sent out of town are presented over his counter for payment in currency; how long would his vault reserves last in meeting them? How long would it be before he would have to ship in currency daily with which to settle for these checks? The more one studies it, the clearer it seems, that the most economical way for the country bank to pay its checks is to pay them exactly as it now does, by offsetting them

with the checks which are deposited with it. But as no expense beyond clerical salaries and postage is incurred in this method of settlement, the conclusion seems inevitable that the exchange charge is not a reasonable and legitimate charge for services rendered. And the fact is that the country has determined that it must go. Any one who has followed the debates in Congress on the Federal Reserve Act knows that the whole question was thoroughly considered there, the country banks had their day in court, and the elimination of unearned exchange charges was the verdict.

While it has been understood, ever since the Reserve Act was passed, that this elimination was to occur, the way it will come up, practically, is through the operation of the collection system. This could not be undertaken at the time the Reserve system was opened, but a beginning was made last June by the inauguration in each district of an experimental and voluntary par collection system. As I have already said, plans are now under consideration for a country-wide collection system, to serve all the banks which are members of the Federal Reserve system. Relatively few member banks have used the present voluntary collection system, and none, as I understand it, will be required to collect their items through the more comprehensive system now being planned. They may continue to collect items through whatever channels they find most advantageous. But I believe that member banks will be required by the Federal Reserve Board, acting under its very broad authority, to cover at par, in acceptable exchange, any checks drawn on them which are sent to their Reserve bank for collection.

THE REMEDIES PROPOSED.

The elimination of exchange would, I know, be resented by many country bankers. To retain their exchange profits has become the corner-stone of the temple for many of them. What is the remedy? Many say that it is to withdraw, and take refuge in the State system. That is a course which is always open, but unless I am very much mistaken, it would not prove effective for long as a means of escaping par remittances. With all the national banks and many State banks remitting at par, the remaining State banks could not long afford to conduct their business on any other basis. When once the country has made up its mind that the exchange charge must go, as New England did some years ago, competition and pressure would be too strong for it to survive.

Is not the position of those who now suggest leaving the national system somewhat like that of those who in 1865 declined to come into it? In 1862 there were about 1,500 State banks. In 1863 the National Bank Act was passed on a voluntary basis. On this basis a few banks came into the system, but when, in 1865, the circulation privilege was taxed away from the State banks, all but about 250 of them converted into national banks. This was a far more drastic form of compulsion than that through which the member banks to-day complain they are deprived of interest on reserve balances and may be deprived of exchange.

For, prior to 1865, many banks were organized primarily to issue notes and keep them in circulation in distant parts of the country. They did scarcely any other business, and in many States they issued their notes under practically no restrictions or security. Suddenly they were deprived of all note-issuing power unless they joined the national system and secured their notes by Government bonds. From what little contemporary evidence I have been able to obtain, the banks which were making large profits from their note issue felt just as unhappy at losing their freedom of issue as the country banks to-day feel at the prospective loss of their exchange charges. Yet to-day no one would want to go back to the conditions prevailing in 1862.

If, now, there are some national banks which cling to the past and cannot look forward with confidence to the future and take what the future may have in store for them, if there are some banks which do not recognize that conditions are surely changing and are unwilling to conform to the new conditions of to-day and to-morrow, then they should surely withdraw, for the Federal Reserve banks and their member banks are the system of the future. The system must have the support of its members and it will be the stronger for the departure of those who, unable to see the promise it contains for them and their customers, the business men of the country, have not the patience and faith to stay with it till time and experience have tested its value.

For the progressive, resourceful banker, the remedy for the costs which the system inevitably entails, is, to my mind, not to withdraw, but to recognize the changing conditions, to study the possibilities of the Reserve Act and the Reserve system, to look for new avenues of business and profit under its provisions, to learn from the officers of the Reserve bank what the system desires to accomplish, and, when you understand it, to explain it to your customers—tell them what it means for them.

Then, to use the Federal Reserve system as a leverage gradually to get more of your loans into liquid shape, more of your notes in acceptable form for rediscount, more credit information about your borrowers; to analyze your accounts and seek by one method or another to get the unprofitable ones on a paying basis; and generally to put your house in order both to take full advantage of the industrial expansion which the future seems to hold in store for this country, and to weather comfortably any readjustment which European peace may bring. Possibly such changes in practice may not seem feasible to the country banker, operating under far more personal and intimate relations with his customers than those which prevail in the larger cities. This, at least, is certain, that if he decries the Reserve system at one moment he cannot use it as a tallman with his customers the next. But most business men, if the situation is explained to them, are reasonable, and the experience of many bankers, in this and other districts, has convinced me that the Reserve system can, if desired, be made a powerful influence for more satisfactory and more profitable relations between a member bank and its depositors.

I hardly need to speak of the unprofitable and unhealthy situation which has developed in many places through the payment of excessive interest on deposits. No evil is more insidious or difficult to remedy than this, but the change of a very small fraction in the rate of interest banks pay would generally more than balance their loss of exchange revenue.

PAUL M. WARBURG ON DEVELOPMENT OF BANKING RELATIONS BETWEEN AMERICAN COUNTRIES.

Pamphlet copies have been issued of the address delivered by Paul M. Warburg of the Federal Reserve Board at the recent convention at Buenos Aires of the International High Commission. Mr. Warburg spoke on the "Progress in the Development of Banking Relations between American Countries." His discourse was delivered in Spanish, but in the pamphlet his remarks are printed in English. Referring to the fact that the financial leaders of the country are keenly alive to the opportunities offered and the duties imposed by the change of economic conditions brought about by the

European war, Mr. Warburg alluded to the various measures which had been taken to bring to the promptest and fullest development the financial and commercial relations with our sister republics of the Western Hemisphere. These relations, he noted, form the leading topic of discussion at all our business men's and bankers' conventions; he also pointed out that never before in the annals of the United States were there as many young people studying the Spanish language and the economic and political history of Central and South America as at present. Continuing, he said in part:

In order that you may see that not mere hopes and wishes but actual facts are the fathers of the thoughts just expressed, permit me to explain to you in a few words what has been achieved in the United States since our last meeting and the work being done at this time.

At the conclusion of the address, which I had the honor of delivering before you on May 25th, I summed up the financial problems of American nations in the following words:

"The development of all American nations lies in the same direction, though there will be a difference in degree. It must be the aim of the United States from now on to move rapidly toward entire financial independence. It must be the aim of her sister republics so to divide the credits needed for their further development that the temporary breakdown of one creditor country will not seriously embarrass them. They will enjoy the greatest degree of safety in this respect if their creditor nations are geographically, politically and economically separated from one another as far as possible. So that in case one should become involved, the other may be expected to remain unaffected thereby. Though in normal times closely connected with Europe, the American continents ought to be so organized as to form a distinct and independent unit in times of emergency—a union whose transportation and credit systems will remain unbroken, even though all Europe should go to war.

"An American union of this kind will prove of the greatest economic advantage for all nations concerned. If such a union be thought desirable, it must, however, be forged and riveted every day of the year. If it is to stand the test of time and stress, it must be a structure of gradual growth, carefully planned and consistently developed, and built upon a safe foundation."

The first part of the program here mapped out was the financial emancipation of the United States. Our own financial independence had to be accomplished before we in turn could expect to become a permanent factor in relieving the dependence of other nations. This development has taken place in an incredibly short time. Our new Federal Reserve banks having provided a solid foundation for our entire banking structure, we have not only paid our debts in Europe, bought back our own securities to an amount which staggers the imagination (estimated at one billion dollars), but also have made loans to foreign countries aggregating over a billion dollars. (Of these, Canada received \$150,000,000 and Europe \$785,000,000, and South and Central America received about \$76,000,000.) We have, in addition, imported more than \$500,000,000 in gold. Our excess of exports over imports since the beginning of the war amounted in January 1916 to over 2½ billion dollars, and to that extent the international financial position of the United States, as an economic unit, has been consolidated during that period.

Since Dec. 31 1914 the deposits of the national banks alone have grown by one billion dollars, and the excess reserves in February 1916 amounted to 882 millions. The latter figure indicates the tremendous reserve loaning power of the banks, which does not include that of the Federal Reserve banks nor the State banks and trust companies.

The first step of the program of the United States has been carried out with a rapidity and to a degree far exceeding our expectations of a year ago. We may then ask ourselves why is it that, in the face of this tremendous increase in strength of the United States, there has not been a more aggressive policy on the part of that country in carrying out the second part of the program—that is, in actually securing a substantial portion of the banking business of the Central and Southern countries of the Western Hemisphere, and in developing our mutual trade relations covering both the imports and exports of these nations.

It is evident to us all that as long as there is uncertainty as to the outcome of the European struggle, as long as it is impossible to judge how far the final destruction of property and credit will go, bankers in the United States will have to proceed with care and keep themselves supplied with ample resources so as to be prepared for any conditions that may arise.

Considering the future of our country, the historian or economist might possibly say that it may prove a mistake for our nation to have concentrated its efforts at this time upon the execution and financing of ephemeral business, bound to stop after the war, instead of employing this period for the purpose of laying the foundation to business relations of a more permanent nature. But a nation's business, commercial and financial, is a composite of thousands of individual transactions beyond the control of a Government or a people, and it is after all the rule of demand and supply that governs supreme in economic questions. The fact remains that this extraordinary demand upon such extraordinary terms has created a scarcity of certain raw products and of labor, and at the same time an increase in the price of both. The manufacturer has thus been kept occupied, indeed, but too preoccupied to find the time, men and material necessary for securing new markets. The banker, on the other hand, in the face of a political situation that from time to time has been seriously clouded, uncertain of the requirements that the future may have in store for him, has been fully justified in proceeding with due care.

In spite of all this, greater headway would have been made if there had been in the United States a better knowledge of the requirements and conditions of the countries of South and Central America, and if the law had permitted our banks to take an interest in the capital of banks operating in foreign countries. Before our Section of the Commission called, the Federal Reserve Board recommended to the Congress an amendment to the Federal Reserve Act designed to enable the banks of the United States to enter this field substantially on the same basis as their European competitors. This amendment has been warmly endorsed by the American Bankers' Association, several important members of which have assured us that they are impatiently awaiting its passage in order to embark upon this new field of banking. The Federal Reserve Board hopes, in the very near future, to receive news of the enactment into law of this amendment.

But, in spite of the handicap under which we were thus proceeding, we have made very substantial headway. Two banks—the National City Bank of New York and the Mercantile Bank of the Americas—have entered the field by opening branches in Central and South America, a large corporation has been established designed to go into foreign fields, and finally, but most important of all, the American acceptance business has been launched, and is now well under way. Banks and bankers in the United States have acceptances outstanding estimated to aggregate between 100 and 150 millions. That is a very substantial beginning, but only a beginning. Our bankers are only too anxious to increase these acceptances to a sum vastly in excess of that amount, and the Federal Reserve banks will continue to lend their vast resources in order to secure

a wide and favorable market for these acceptances. At the present discount rate for dollar acceptances of 2% as against the English rate of 5%, and with the high rate of exchange commanded by the dollar, these acceptances ought to be increased by leaps and bounds, and used to finance not only the trade of Pan-American nations with the United States, but also a portion of their trade with Europe. It would appear, however, that the local banks of South and Central America ought to give their more active co-operation and support in order to bring about a more rapid development which would benefit their customers individually and their countries as a whole.

There is, of course, the one great obstacle in the way of the free use of our banking facilities, and that is the lack of quick and regular communication between South and North America. Banking is largely a question of interest charges, and against the advantage of our low discount rates there is the disadvantage of the delay in getting American bills accepted and the proceeds made available. Every additional day needlessly consumed by the goods on their way toward distribution means either an unnecessary addition to the cost of the consumer or a loss to the producer. Quick and regular means of communication are the indispensable prerequisites for the successful development of North American banking in South and Central America.

But without going into a detailed discussion of all the phases involved in these interesting questions, I shall confine myself to emphasizing only these three points:

(1) With the Panama Canal in operation, a letter between Valparaiso and New York should reach its destination in less than 11 or 12 days; two more days will be necessary to connect Buenos Aires and New York, and there is no difficulty in finding a prompt and regular route from Buenos Aires to Rio de Janeiro. It can only be a question of a very short time then, and, in one way or the other, we must succeed in solving this all-important question of a swift and regular ocean transportation. Forces that now work as obstacles will then be turned into influences favoring banking and business relations between American nations.

(2) Our merchants and manufacturers realize that after the end of the war, Europe will have to make gigantic efforts to regain her lost ground, and that the United States must be prepared to feel this competition even within her own borders. It is, therefore, necessary for the United States to look for new markets for her products, and this naturally will lead our business men to increase their efforts in gaining a strong foothold in Central and South American countries. Some of our large interests have already become important factors in this direction, and it will be primarily the engineering genius of our people which will play an important part in developing the latent resources of all these lands; but, if the growth is to be solid, it must be gradual, as was Europe's progress. After all, not a few large transactions, but the thousands of individual ones, form the best basis for the permanent establishment of extensive business relations between nations.

(3) The financial condition of the United States after the war will be such as to make it an absolute necessity for us to take a very important share in financing the world. There is no intention on our part to endeavor to crowd out the European nations that have been the friends of the South and Central American countries and have been substantial in developing them, as, indeed, they have been substantial in developing our own country. But the figures that I had the honor of presenting to you in the first part of my remarks tell conclusively their own incontrovertible story.

It is not any more a question of hopes and wishes, but a question of mathematical certainties. And it does not now, as it did a year ago, take any degree of bold prophecy to foretell what the outcome must be. The United States now is, and from now on will be, one of the world bankers. I believe I am voicing the unanimous wish of all American nations if I say that we fervently hope for an early cessation of hostilities; the sooner they cease, the better for us all. For, the longer the war, the greater the destruction of the world's saving power and the greater the resulting retardation of the entire world's economic progress.

We do not wish Europe's financial power to be crippled and ours to grow at their expense. The world is too large to be financed by any single nation. For the American nations, safety and independence lies in dividing their risks both as creditors and debtors. In any emergency that will assure them the best protection. It is to this goal that we are moving with consistency and determination.

With his return to Washington on the 5th inst. Mr. Warburg issued a statement saying:

If by my own impressions I may judge the effect that this conference must have produced on the delegates of all nations, if they learned as much about how "the other man lives" as I learned about them, I could only wish that the Tennessee might have carried a thousand delegates instead of seven.

Now that we have returned home it will be the duty of us seven to make our impressions available to our country. Unfortunately, no matter how hard we may try, a good deal of the intensity of our impressions will be lost in transmission.

Some of the countries through which we passed have difficult problems to face, due to, or accentuated by, the European upheaval, but hard times will prove useful taskmasters, and in some countries we found that difficult problems had produced strong men whose sincerity and ability could not but inspire a confident reliance that their countries' fate was in good hands and ultimately would be worked out successfully.

Almost all of these countries offer wonderful possibilities, and for us who have gained so much through Europe's losses it is not only a tempting opportunity, but also a serious obligation placed upon us by destiny—to lend a helping hand to our Latin-American sister republics in developing their marvelous resources and with that their own financial and political independence.

I was delighted to see strong evidence of the awakening of the American spirit of enterprise in almost all the countries through which we passed, be it in railroad and developing of ore in Brazil or packing houses in Uruguay and Argentina—where the opening of these plants has brought about a great increase in the price secured by the cattle raisers of those countries, or be it in mining in Chili and Peru or raising sugar or tobacco in Cuba.

It was a great satisfaction for me to notice in these countries the beneficial effect of our new banking legislation. It did my heart good to see American banks operating in these foreign cities and to find that the American bankers' acceptances at last had become an integral part of the world's banking machinery. Much remains, however, to be done in this respect.

A world market for these acceptances has been provided, but too many American importers appear to be tight asleep and do not realize that it is poor business for them to pay a British banker an acceptance commission and a discount rate of about 5% when by arranging for American bankers' credits they can secure a discount rate of but 2%.

When passing through the Panama Canal I had the great honor of meeting General Goethals and I said to him that shaking hands with him gave me a peculiar thrill because I felt that the Panama Canal and the Federal Reserve

Act were the two most constructive contributions made by the United States in our generation.

The Panama Canal and the Federal Reserve Act have blasted the way wide open for the development of North American enterprise, but the business that is to flow through these channels must now be developed by the individual initiative of the people of the United States.

However, if we are to secure our position in the world, all legislative obstructions that will stand in the way of a free unfolding of our economic powers must be removed and I sincerely hope that Congress will not delay the passing of such amendments to the Federal Reserve Act as are necessary in order to place our banks on a par with the important European banking institutions with which they have to compete in foreign countries. Only those who with their own eyes have seen actual conditions can realize the importance of securing these changes and of securing them promptly.

McLANE TILTON ON COUNTRY BANKERS' PROBLEMS.

McLane Tilton Jr., Secretary of the Alabama Bankers' Association, whose efforts on behalf of the country bankers have on several occasions been referred to in these columns, presented an extended report bearing on the problems of the country banks respecting interest rates, clearings, &c., at the annual convention of the Association on April 27. We give what he had to say in the matter below:

Since the establishment of the Federal Reserve system three issues have arisen of vital importance to the country banks. By country banks is meant banks that make loans direct to farmers, or indirectly by advances to country merchants, to the degree that transactions of this character constitute a considerable part of the discount business done. The number of such banks comprise more than half of all banks in the United States. State banks are affected to a scarcely less extent than nationals, owing to the strong influence of national laws and bank regulations upon State legislation and the administration of State banking departments.

These issues are: Regulation of interest rates, clearing checks at par, unnecessary and impossible supervision requirements in connection with the routine operation of banks and reports of their condition. The two first named threaten to reduce country bank income, while the last threatens a material increase in expense. If all or any of them are carried forward to lengths now being urged by certain government officials, many country banks will be forced out of business. This means a heavy loss to stockholders and will deny to numerous communities credit facilities responsible for their past development, and upon the continuation of which their future prosperity depends. Farmers, more than any other class, will feel the immediate and ultimate effects of the blow.

In the outset of the discussion several facts must be made clear. It is generally believed that country bank profits are larger than is actually the case, when the truth is they are much less than other lines of business enjoy. In the Sixth Federal Reserve District the average net profit of all member banks was 7.3%. The smallest return was made by the smallest banks, 6.1%, those properly designated country banks. It is also true that these banks pay very modest salaries to officers and employees, less, as a rule, than simple justice calls for. If salaries were commensurate with responsibilities and duties, most of these institutions would operate at a loss. It should further be remembered that these banks furnish facilities that city banks do not and cannot supply, facilities absolutely necessary to the happiness of the masses of the people outside of industrial centres.

If these are the facts, and an authoritative denial is yet to be heard, it would seem that Congress, the Reserve Board and the Comptroller should go very slowly indeed about reducing the income or adding to the expense of country banks. Yet, unless present tendencies are checked, exchange profits and profits from interest above the legal rate are to be denied them. This spells liquidation, conversion or failure upon a wholesale basis.

No figures are obtainable on the proportion of net earnings represented by these two items of income. It is safe to say they will average half the net profits. In not a few instances they furnish the whole of it, nor are these banks necessarily the ones with interest so high that they are a menace, not an aid, to their communities, or with exchange charges beyond all reason. This is no brief for such concerns. There are black sheep in every flock. My contention is that it is both unwise and unjust to legislate or regulate on the theory that all in banking are of this color. A safer and saner way can be found, a way that will not deny borrowers the right to obtain funds at a rate agreeable to themselves, even though it be two or four per cent above the legal level. At least, before hazarding this course, there should be assurance that means are at hand to supply funds on the terms proposed. If country bankers cannot do it and survive, who will? If not obtainable as heretofore, what is to become of people who have willingly paid this small margin above the legal rate and found the transaction profitable.

In the country credit is a commodity like corn or cotton. The ease with which it is obtained, and the price paid turn on the amount available in the community. The ratio of deposits to capital is small, rarely is it in excess of four to one. A substantial part is on savings account, drawing 3 or 4%. The time that crop loans run, the uncertain value of the security, the health, life and earning capacity of the borrower, and many other elements enter into the cost of credit, adding to it as compared with city credits. Again, the country customer is willing to pay a higher rate because the use to which the money is put assures a consistent return. The few suits involving usury prove that he has been satisfied. He remained so until learning from Washington that his best friend was really a highwayman in disguise. Now he is in doubt. The creation of that doubt was one of the worst things that ever happened to the farmer.

Opinion is that country banks charge all the traffic will bear. This opinion is as much mistaken as it is widespread. Most country banks could get a still higher rate if they asked for it, in spite of the fact that credit is one article sold on an open market in fiercest competition. This competition is not only with other banks, which have multiplied so rapidly the past decade, but with individuals ever eager to seek a safe investment for idle funds. The cost of operating is known; the sum available for loans can be accurately estimated; in the vast majority of cases the rate charged is just high enough to pay expenses with a reasonable margin for dividends. Many crop loans exceed the value of the security at the time they are made. A harvest six to nine months distant is the real basis of the credit. Farmers in easy circumstances enjoy legal rates.

The issue, then, between country banks and the Comptroller is simply this: Is a community better off with a home bank charging 10 or 12% on a portion of its loans, or all of them, than to go without such a banking service? Every man familiar with the growth of the South and West will give the same answer to this alternative.

The most important event in the life of a small town, and the country tributary to it, is the establishment of the first bank, usually with from

ten to twenty-five thousand dollars capital. The part these small concerns have played in the development of the United States could not have been performed by any other agency, its value cannot be overstated. They are as essential to the continued prosperity of their communities as they were responsible for the first forward impulse. People who do not know and admit this are ignorant of conditions forty-five minutes from Broadway. Their horizon is confined to an office building skyline, all too narrow limits.

In this connection it is interesting to observe rates of interest charged by the Government itself. I hold in my hand a photograph which covers a transaction between a farmer in Montana and the Reclamation Service of the Department of the Interior. As an example of heartless brutality, I challenge the Comptroller to find its equal in a banking transaction. As an example of ruthless monopoly, one would have to travel far to find its mate. The facts are as follows: In 1914 this Montana farmer leased a parcel of Indian land irrigated by the Reclamation Service. His water bill amounted to \$223.12. Just prior to harvest a hail storm destroyed his entire crop. He could not pay for his water. Early in 1916 he managed to obtain sufficient credit to lease another bit of land and prepared it for planting. When asked to turn on the water, without which his lease and labor were wasted, spelling ruin, the Reclamation Service declined until the 1914 water bill was paid in full with interest. The photograph shows an interest charge of \$35.70, which is described as being "1% per month since December 1 1914." This added sum was of course paid by the kindly disposed people who advanced the first credit. The receipt is dated March 27 1916, signed by a Government official, and bears No. 118, Flathead Project. It seems to me the parable of the beam and the mote is strictly in point if this sample illustrates the workings of the Government water monopoly in the West. Before dealing damnation on the heads of bankers it would be well for Uncle Sam to put his own house in order.

Interest rates concern a bank's relation with its own customers. Exchange has to do with its relations to other banks, especially those in the collection centres. For the identical reasons that country banks cannot afford to have income reduced from interest, they cannot afford to lose exchange earnings. The argument applies with equal force to both subjects. To lose either item of income is bad enough. To lose both merely magnifies the distress.

The cost of clearing checks between banks now falls partly upon city merchants and partly upon banks in collection centres. In the former case the cost is small, and it is reasonable to believe that the price charged for goods carried the load. In the latter case even the banks which have no "clearing house charge" on outside items enjoy compensating advantages coming from other sources. That most banks accept outside items on deposit at par is sufficient evidence of the fact.

In its final analysis this question turns upon the simple principle of balance of trade. Each State has banks in its largest cities that handle collections on the country banks nearby. Birmingham performs this service for North Alabama. If a Birmingham bank gets more checks on the Pell City bank than the latter does on the former, Pell City exchange shows a profit and Birmingham a loss, as each is presumed to charge exchange on its own checks received from the other. This being the situation with all collection centres as regards the country banks, the proposal to clear checks at par relieves the city bank of an item of expense and denies the country bank an item of profit.

Country bankers therefore contend:

1. That banks in collection centres already make sufficient profit without their net gain being augmented at a corresponding loss to country banks
2. That country bank net profit is too small to stand a loss that represents perhaps one-third of total net earnings.
3. That city banks enjoy compensating advantages to offset the cost of country clearances.
4. If collections are unprofitable why do city banks accept them? They advertise for this business. Indeed, they fight for it.

In spite of these well-known facts, ignoring what the loss of revenue means to two-thirds of the national banks, and what it would cost the Federal Reserve banks to clear at par for members, Congress wrote into the law a very vague section to enforce this "facility," and considerable pressure is being exerted to have it put into prompt execution, regardless of consequences.

The matter of supervision presents an issue between the country bank and the Comptroller. It has to do with requirements in routine management, examinations and reports of condition, wherein unwise, unjust and unnecessary regulations have recently been enforced. The protest of country bankers in January has already resulted in good. The new forms for the call of March 7 eliminated much that was so properly objected to. The Comptroller is to be congratulated for his action. It is to be hoped that still other changes will be made.

Country bankers as a class approve rigid supervision. Alabama's excellent bank statute was written by our Bankers' Association and approved in annual convention without a dissenting vote. It is a model measure and has been wisely administered. I take great pride in my small part in this creative effort. At a meeting of National Bank Examiners I read a paper on "Bank Organization and Management," which was afterwards printed and distributed among all examiners by the Hon. Lawrence O. Murray, then Comptroller of the Currency. It is from this experience and a study of my own bank, and persistent inquiry among country bankers that I have come to the conclusion that a correct consideration of bank supervision requires that the difference between city and country banking must be kept constantly in view, that the condition under which banks operate must be recognized and their needs responded to. We have no regiment of experts ready to be summoned by a push-button. We are country banks. Our officers and employees are country men and boys, underpaid and overworked, with such experience and ability as is common in the country. We cannot toe the line natural for city banks, and ought not to be forced to do so.

Supervision can easily be carried too far, and this done with the best intentions. It happens when arbitrary and unnecessary routine methods are insisted upon that country banks cannot comply with, or when information is asked for five times a year that is as useless as it is impossible to obtain within the time allowed by law after notice of call. Bank examiners, both State and national, are required to devote so much time to non-essentials that they are side-tracked from the real object of the inquiry. Bank officials are steadily engaged in accumulating data only fit for the waste basket when their time could be more properly employed in studying credits and hustling for business. Time was when these men looked forward with pleasure to a call. It gave them the opportunity to carefully study their condition and present the figures to the public. It is different now.

It is, perhaps, only fair to admit that country bankers have no one but themselves to blame in this triple emergency. They have been to business what the gum-shoe politician is to government. Their methods have been silent, secretive, circuitous. They won't speak out in meeting for fear of being misunderstood or hurting somebody's feelings. By not speaking they have been misunderstood, and it is their own feelings that are hurt.

Now their livelihood and investments are threatened. What are we going to do about it? The welfare of their neighbors and community is in danger. What is their duty?

My answer is this: If rates are so high as to be unrighteous, lower them to decent limits. If exchange charges are unreasonable, make them fair. Come out into the open. Explain the nature of your business to the people you serve; show them the value, the necessity of this service to their prosperity. Take an active part in public affairs, and when measures hostile to their prosperity are advocated, fight them. The voice of the country banker, concentrated in a patriotic cause, will not go unheard either at home or at Washington. This is true because we speak for the masses of the people, whose happiness is our own. True prosperity is a twin-When grown in single units it is selfishness.

The past history of this nation shows that any banking law or regulation that would have retarded the multiplication of banks in country towns, would have also held back national development. It follows that any law or regulation that unjustly interferes with their multiplication in the future, or threatens the success and solvency of those now pulling the load, will be a deadly blow at American agriculture. Only a lack of information, due to our silence, would guide that blow.

The foregoing observations were prepared for a financial publication at its request. I have incorporated them in this report, because I feel very keenly about this subject and wish to sound a note of warning to country bankers. I do not claim that there is a deliberate intention to make country banking unprofitable on the part of either Government officials or city bankers. But I do state, and state most emphatically, that with or without intention, such a result is the inevitable consequence of present tendencies if allowed to go unchecked. The only way we can check them is through organization in an association such as this, and by co-operation with the associations of other States. Yet as matters stand, we are ever fighting to persuade banks to join our ranks, though the dangers are so plain that individual banks should be ever fighting for membership in the Association and for greater efficiency and activity by its officers.

A. B. A. COUNCIL NAMES COMMITTEE TO CONFER WITH RESERVE BOARD ON COLLECTION PLAN.

Some 150 to 200 bankers were present this week at the spring meeting of the Executive Council of the American Bankers' Association, held at Briarcliff Lodge, Briarcliff Manor. The bankers held a three days' session from the 8th to the 10th, inclusive. The most important action taken at the meeting was the adoption of a resolution at the concluding session providing for the appointment of a committee of five to go to Washington to discuss with the Federal Reserve Board the advisability of postponing until a later date than June 15 the inauguration of the Board's country-wide system for the collection and clearance of checks. Protests, it is stated, from all parts of the country have been received against the new plan. The opposition, for the most part, is from the smaller country banks, which contend that a large loss of revenue will result with the institution of the new system. The institutions of the larger cities are understood to urge a postponement of the time fixed for bringing the system into operation. The Southern banks, particularly, it is said, have expressed their opposition to the new arrangements. Texas has three members on the executive committee, who have heard from all their banks in opposition to the new order. There are some 1,300 banks in Texas affiliated with the State Banking Association; of these, 550 are also members of the American Bankers' Association, and these 550 banks, through their representatives at the meeting, voiced their disapproval of the plan.

It is said that banks with small capital, say \$100,000, operating in a small town or a country district, make from \$2,000 to \$5,000 a year from collections. Under the Federal Reserve Bank clearing plan, these profits would be cut off. Country banks which now carry small balances with their correspondents in the various large cities claim they could not afford to do this under the new plan, and as a result would lose the business which comes to them through these connections.

The committee appointed to confer with the Reserve Board in the matter is composed of W. H. Bucholz, Vice-President of the Omaha National Bank; J. Elwood Cox, President of the Commercial National Bank of High Point, N. C., Chairman of the National Bank Section; John McHugh, Vice-President of the Mechanics & Metals National Bank, New York, and Chairman of the Clearing-House Committee; G. E. Webb, President of the First National Bank of St. Angelo, Texas, and Walker Branch, of the First National Bank of Meridian, Miss.

The Council adopted a resolution presented by the Savings Bank Section commending the Board of Education of New York City for introducing school savings banks in this city. The Council decided to submit to the next general meeting of the American Bankers' Association the question of admitting to membership bankers of South America, Central America, Canada and Cuba. It is said to have been announced at the conclusion of the sessions that no Government officials would be among the speakers who would address the Association at its annual convention to be held in Kansas City in September. It is stated that it has been decided to make the meeting a strictly banking affair, the

speakers to include a prominent American banker, one, perhaps, from abroad, and one from South America.

The Mechanics & Metals National Bank of this city issued on the 10th inst. the following circular letter regarding the clearance plan of the Federal Reserve Board in which it states that, according to its understanding, it is not mandatory upon any bank to deposit its items with the Federal Reserve banks:

Preparation is under way for establishing the Federal Reserve "par clearance" system some time after June 15. Representatives of the twelve Federal Reserve banks are now in Chicago, arranging the details of its operation.

As it is planned, the Federal Reserve banks will accept at par all checks from member banks, drawn on other member banks. It is proposed further to accept at par all checks drawn upon non-member banks when such checks can be collected by the Federal Reserve banks at par. A par list of non-member banks will be prepared.

Checks received from member banks are to be given immediate credit entry, although amounts thus credited will not be counted as reserve, nor become available, until collected.

As to the use of the Federal Reserve's clearance system, we understand that it is not mandatory upon any bank to deposit its items with the Federal Reserve banks. In other words, it is optional with member institutions whether they continue to collect checks as at present or through the new system.

But as to the settlement by the member banks for items drawn upon them, which the Federal Reserve banks may send them, we understand that the paying bank is to be put in the position of being able to pay the checks over its own counter. It may exercise one of two options: Either it may pay them in cash (the cash then to be shipped at the expense of the Federal Reserve bank), or it may pay them in exchange acceptable to the Federal Reserve bank.

In either case, however, checks must be settled for at their face value without any deduction.

COST OF BANK EXAMINATIONS.

The matter of the cost of bank examinations under the old and new systems which was referred to in the March number of the "Federal Reserve Bulletin," is enlarged upon in the latest number of its monthly publication. The table indicating the former and present cost was printed in our issue of March 11 and as noted at the time, it showed the cost to the country banks to be considerably higher now than before the adoption of the Reserve system, while for banks in Reserve and Central Reserve cities, except in the case of institutions with capital of \$5,000,000 and over and resources of \$25,000,000 and more, the cost has been reduced. It is now pointed out that inequalities existed under the old system which have been rectified under the operation of the new law. We quote in full below what the Board has to say in the matter in its latest "Bulletin":

In the March issue of the "Federal Reserve Bulletin" (p. 122) there was published a brief statement on the cost of national-bank examinations, accompanied by a table showing in parallel columns the relative cost of examination under both the old and the new systems. The Federal Reserve Board's committee on audit and examination has recently submitted a report to the Board containing the following further information on this subject.

As explained in the above-mentioned statement, under the present system the examiners are no longer compensated by fees, but receive fixed salaries out of a fund provided by assessments levied upon the banks. Under the old system payments made by banks amounted in many cases to much less than cost of the examination. Assessments upon banks were made, as far as "country banks" were concerned, upon a basis of capital stock alone, without reference to total assets. In Reserve and Central Reserve cities higher assessments were levied, which more nearly approximated the cost of making the examinations. As a result there were gross inequalities, which have been rectified under the operation of the new law. It is true that some banks now pay considerably more for examinations than they formerly did, but the Comptroller of the Currency has pointed out to your committee that under the old system certain national banks in Reserve and Central Reserve cities, having assets of \$1,000,000 or less and capital from \$300,000 to \$400,000, paid a fee for examination ranging from \$56 to \$70, according to the amount of their capital stock and resources, while under the operation of the Federal Reserve Act the same banks are paying a fee ranging from \$36 50 to \$44 50.

Banks having resources of from \$1,500,000 to \$10,000,000 in Reserve and Central Reserve cities, paid for their examinations under the old system a fee ranging from \$75 to \$230, according to capital and resources, but these banks are now paying from \$54 50 to \$224 50.

The Comptroller informs your committee that only 38% of the national banks in Reserve and Central Reserve cities have resources in excess of \$10,000,000, and that, therefore, 62% of the banks in Reserve and Central Reserve cities are now, according to this scale, paying for their examinations less than they paid under the old plan, although examinations are now more thorough and efficient than they were before.

A bank with assets of \$25,000,000, having capital of, say, \$5,000,000, in Reserve and Central Reserve cities formerly paid a fee of \$410; now the assessment against such a bank is \$524 50, the increase being warranted by the additional time devoted to the work by the examiners and the greater thoroughness of their examinations.

A bank in Reserve and Central Reserve cities with resources of \$50,000,000 and a capital of \$10,000,000 paid under the old system a fee of \$710; under the new arrangement such a bank pays \$1,024 50, but it cannot reasonably be contended that approximately \$1,000 is an excessive charge for a thorough examination of a bank having assets of \$50,000,000.

Assessments against banks having assets of more than \$50,000,000 are also greater under the present plan than formerly. The Comptroller states to your committee, however, that of about 7,600 national banks in the United States, only 32 banks, or less than 1/2 of 1% of the total number, at the time of the Dec. 31 1915 call, had assets in excess of \$50,000,000, and of these 32 banks 31 were located in Reserve and Central Reserve cities.

Under the old system fees for the examination of "country banks" (that is, banks not in Reserve and Central Reserve cities) having assets of less than \$3,000,000 and capital in proportion, or, say, \$25,000 to \$750,000, ranged from \$20 to \$75; under the present system these banks pay from \$25 50 to \$84 50, being an increase of from \$5 50 to \$9 50 per bank, according to the capital and assets.

These figures apply to 6,939 banks, or 96% of the total of 7,238 country banks. There can be no question, however, that under the old system the statutory fee was in many cases wholly inadequate to provide fair compensation for efficient service. The Comptroller states that those country banks which have resources in excess of \$3,000,000 and capital of \$600,000 or more constitute about 4% of all country banks, and that under the old system with the standard regulations they were charged a fixed fee of \$75, irrespective of resources.

The charge now imposed upon them is in proportion to their resources, so that a country bank with \$5,000,000 of resources and capital of, say, \$750,000, which formerly paid \$75, now pays \$124 50, or an increase of \$49 50. Experience under the old system showed that it was impossible to make a thorough examination of the larger country banks for \$75.

A fee of \$224 50 for a thorough examination of a bank having \$10,000,000 of assets is therefore not to be regarded excessive. There is a basis for the statement that in a few isolated cases banks have been charged under the new system five to ten times as much as they were under the old system, but this only occurs in those cases where a very large bank is located in a non-Reserve city. A specific instance has been cited where a bank of this kind with resources of approximately \$50,000,000 paid, under the old plan, only \$75, due to its rating as a country bank, whereas this bank now pays \$1,024 50. Surely it cannot be contended that this is an unreasonable charge for examining so large a bank.

On Dec. 31 1915 there were only 23 country banks (one-third of 1%) in the United States which had resources in excess of \$10,000,000.

All country banks are now charged for examinations a fixed fee of \$25, plus 2 cents per \$1,000 of assets in excess of \$25,000. Under the old system, examiners were required to pay traveling expenses and hotel bills out of the statutory fees received. As the earnings of the examiner depended upon the number of examinations made, there was a constant temptation to speed up the work of examination at the expense of thoroughness with superficiality as the inevitable result.

These conditions no longer exist, and an examiner is now free to devote as much time to each bank as may be necessary for a thorough and efficient examination. Partly because of the superficial character of national-bank examinations as formerly made, and for the additional reason that examiners' reports were sent to the Comptroller, without copies being given to the directors of the banks examined for their information, many banks felt the necessity of providing for additional and more thorough, examinations by special auditors, involving a considerable expense.

The Comptroller of the Currency has notified the Board that it is his intention to inaugurate the custom of furnishing the board of directors of each national bank examined with a report by the examiner, after each examination, from which the directors will have an opportunity of informing themselves of actual conditions in their banks and of passing judgment upon the character of the examination. It is, therefore, believed that in most cases banks will find that independent examinations will hereafter be a useless duplication and will discontinue them, so that the result will be a substantial saving in the expense incurred for examinations.

ACCEPTANCES NOT SUBJECT TO STAMP TAX.

A ruling to the effect that acceptances, drafts, &c., are not taxable under the emergency revenue Act of 1914 is published in the current issue of the "Federal Reserve Bulletin":

April 3 1916.

Hon. Charles S. Hamlin, Governor Federal Reserve Board, Washington, D. C.
Sir:—In response to your communication of the 27th ult., enclosing copy of a letter received, you are advised that drafts, acceptances, overdrafts and post-dated checks are not taxable under the Act of Oct. 22 1914 as promissory notes:

Your attention is invited to Paragraph I. of T. D. 2170, as follows:

(1) In view of the decision made by the Supreme Court of the United States in the case of the United States vs. Isham (17 Wall., 496) that "the liability of an instrument to a stamp duty, as well as the amount of such duty, is determined by the form and face of the instrument, and cannot be affected by proof of facts outside of the instrument itself," this office is of the opinion that drafts, acceptances, overdrafts and post-dated checks are not taxable under the above Act as promissory notes, even though they are used in such a way as to perform some of the functions of a promissory note.

Respectfully,

DAVID A. GATES, Acting Commissioner.

APPLICATION FOR TRANSFER OF TEXAS BANK TO KANSAS DISTRICT DISAPPROVED.

With regard to a request for the transfer of a Texas bank from the Dallas Reserve District to the Federal Reserve District of Kansas City, the "Federal Reserve Bulletin" for May says:

Taking up a request from one of the banks in the Panhandle District of Texas to be transferred from the Federal Reserve Bank of Dallas to the Federal Reserve Bank of Kansas City, the Board, after making a canvass of the banks located in that section, voted on April 10 that no change be made in the district lines at this point, and that this decision be communicated to the banks interested.

WHEN A BILL OF EXCHANGE LOSES ITS CHARACTER AS SUCH.

An opinion of counsel of the Federal Reserve Board to the effect that an obligation in the form of a bill of exchange which exempts the drawer from liability is not a bill of exchange coming within the exception of the limitations of Section 5200 of the Revised Statutes, is published as follows in the "Federal Reserve Bulletin" for May:

March 22 1916.

Sir: The attached letter in substance raises the question whether a draft or bill on which the drawer is exempted from liability by a statement to the effect that it "is taken without liability on part of drawer," is a bill of exchange coming within the exception to the limitations of Section 5200 of the Revised Statutes.

An obligation which is in the form of a bill of exchange, but which, in fact, does not hold any one but the acceptor liable, is, in substance, a promissory note, and not a bill of exchange. It is, therefore, not entitled to the exemption afforded under the provisions of Section 5200, because it is not a "bill of exchange drawn in good faith against actually existing values."

Respectfully,

M. C. ELLIOTT, Counsel.

To Hon. C. S. Hamlin, Governor Federal Reserve Board.

ANOTHER DIVIDEND PAID BY RICHMOND FEDERAL RESERVE BANK.

The "Federal Reserve Bulletin" for May reports that the Federal Reserve Bank of Richmond on April 1 made the payment of a 1% dividend for the period ending Dec. 31 1915, amounting to \$30,387 65. This is in addition to the 5% dividend declared and paid at the end of the calendar year. In announcing the declaration of the 5% dividend last December Governor George J. Seay stated that the net earnings, after deducting all current expenses, would be approximately 6% on the capital paid in for the average time of employment; a certain proportion of the expenses incurred previous to and during the period of organization was deducted, however, thus reducing the net amount available to approximate the dividend of 5%. "But for these unusual expenses," Governor Seay said: "The Bank would be able to pay the full 6% which members are entitled to receive after all necessary expenses have been paid or provided for. The dividend being cumulative, the difference of 1% will be paid to members out of future earnings."

MARKET PRICE FOR NEW U. S. THREES AND ONE-YEAR NOTES.

The "Federal Reserve Bulletin" for May prints the following concerning the sale of 3% Government bonds by one of the Federal Reserve banks, and the prevailing market price of the same:

Advice has been received by the Federal Reserve Board from one of the Federal Reserve banks of the sale of the new Government 3% 30-year bonds provided for in Section 18 of the Federal Reserve Act, at 103½, when issued, and the sale of \$100,000 of one-year notes at 100¾. The market for these conversion bonds and notes seems to be established at about these figures.

WITHDRAWAL OF BONDS SECURING CIRCULATION.

We take from the "Federal Reserve Bulletin" for May the following regarding the withdrawal of bonds securing circulation:

Under the construction placed upon the National Bank Act by the office of the Comptroller of the Currency an amount not to exceed \$9,000,000 of lawful money may be deposited in any one month for the purpose of retiring national bank circulation and withdrawing United States bonds on deposit to secure circulation. The limit for April was reached on the first day of the month. Applications for withdrawals are listed in the office of the Comptroller in the order of their receipt and acted upon in the order of the deposits of lawful money.

The \$9,000,000 limit applies only to deposits of lawful money. Any national bank, therefore, having on hand its own notes, signed or unsigned, may return them to the Department for cancellation, and thus obtain the release of a corresponding amount of United States bonds, provided the amount remaining with the Treasurer is equal to the minimum bond requirement provided by the National Bank Act.

PRESIDENT WILSON ON PREPAREDNESS VERSUS MILITARISM.

In addressing a committee of the American Union Against Militarism in Washington on the 8th inst., President Wilson laid stress upon the necessity of reasonable preparation, and undertook to differentiate between such preparedness and militarism. The committee presented to the President a memorial embodying views gleaned from a tour of its members in the Middle West, in which it was set forth that while the Union did not oppose sane or reasonable preparedness, there was opposition to "militarism" as exemplified in the preparedness bill. The President declared that there is nothing extravagant in an army of 250,000 men, and asserted that a nation acquainted with arms is not a militaristic nation unless there is somebody who can, by an order, determine what they shall do with that force. Referring to the fact that "this is a year of madness," he added that "no standard we have ever had obtains any longer"; "all that I am maintaining," he said, "is this: that we must take such steps as are necessary for our own safety as against the imposition of the standards of the rest of the world upon ourselves." The committee which visited the President included Miss Lillian D. Wald of New York, Rabbi Stephen S. Wise of the Free Synagogue, Max Eastman, Editor of "The Masses" and former Professor of Philosophy at Columbia University; Amos R. E. Pinchot, James Maurer, President of the Pennsylvania State Federation of Labor; Dr. A. A. Berle of Cambridge, &c. An account of President Wilson's speech follows:

I have never dreamed for a moment that America as a whole, its rank and file, had got any military enthusiasm or militaristic spirit, and I think that it is very necessary, in order that we should work this thing out wisely, that we should carefully discriminate between reasonable preparation and militarism, because, if you use the two words interchangeably, then, of course, the reasonable things that we ought to do take on a wrong and sinister appearance, and we seem to be working for the wrong things when we are in reality working only for the right—that is, the necessary things that are unavoidable in the circumstances.

I think it would be a disservice not to recognize that there is a point of reasonable preparation, and that you can go to that point without changing the spirit of the country or violating its traditions, for the traditions of the country have not been those of a military helplessness, though they have been those of anti-militarism.

The currents of opinion or, rather, the bodies of opinion, in this country are very hard to assess. For example, Mayor Mitchel of New York City and a group of gentlemen associated with him made a tour not unlike that which you made and had meetings, and they came back and reported in the most enthusiastic terms a unanimous opinion, not for universal military service, but very distinctly for universal military training, which, of course, is a very different thing.

Now I quite see the danger that Mr. Pinchot perceives in the laws that he referred to, because they seem to associate military training with public authority and to draw that training into some sort of connection with military organization. It is not inconsistent with American tradition that everybody should know how to shoot and take care of himself. On the contrary, that is distinctly implied in our bills of rights, where the right to carry arms is reserved to all of us. There is no use carrying arms if you do not know what to do with them.

I should say it was not inconsistent with the traditions of the country that the people should know how to take care of themselves; but it is inconsistent with the traditions of the country that their knowledge of arms should be used by a governmental organization which would make and organize a great army subject to orders, to do what a particular group of men might at the time think it was best to have it do. That is the militarism of Europe, where a few persons can determine what an armed nation is to do. That is what I understand militarism to be.

But a nation acquainted with arms is not a militaristic nation, unless there is somebody who can by an order determine what they shall all do with that force. I think we ought to be very careful not to let these different things seem as if they were the same.

When you come to ask how much preparation you can make, that surely is a matter of judgment, and I do not see how you can find any absolute standard upon which to determine that question. Take Mr. Eastman's suggestion that we might have some arrangement by which the border of Mexico can be patrolled. There are not men enough in the existing American army to patrol that border. That is the mere physical fact. When things are at sixes and sevens in a neighboring country, as in Mexico, and everybody apparently a law unto himself, there are not men enough to safeguard that border. And yet it is obviously the right thing to do to keep the disorders of one country from flowing over to disturb the peace of another country. That is not militarism; that is necessity.

I do not need to tell you that I am just as much opposed to militarism as any man living. I think it is a deadly thing to get into the spirit of a nation, and I do not think there is the slightest danger of its getting into the spirit of this nation—only I have to determine a very practical problem.

I have to determine how large an army is not unreasonable for the United States. The largest army proposed, that of the Chamberlain bill, is 250,000 men, and as compared with any European standard that is extremely small in a nation of 100,000,000.

So that unless you regard it as a prophecy there is nothing extravagant in an army of 250,000 men. The traditions of the American people have always been for a very powerful navy. We have never been jealous of the navy even in our most sensitive moments.

When one of the members of the committee asked if the navy had not been increased tremendously, the President said:

Not tremendously. You see, our tasks have increased tremendously. The amount of sea that we have found it necessary to police to take care of our distant possessions and be ready for exigencies of the most ordinary kind, quite independently of war, has increased tremendously; so that I earnestly hope that we may not antagonize reasonable protection in our effort to avoid militarism. I do not think it is going to need any very great effort to avoid militarism, because I quite agree with you that there we have got the sentiment of a great body of people behind us, and that, after all, is all that we care about.

As to the general thing we are all most profoundly interested in, and that is peace, we want the peace of the world. Now, I do not know, I cannot speak about what I am going to speak about with any degree of confidence, I do not suppose any man can—but a nation which by the standards of other nations, however mistaken those standards may be, is regarded as helpless, is apt in general counsel to be regarded as negligible. And when you go into a conference to establish foundations for the peace of the world you must go in on a basis intelligible to the people you are conferring with.

A committeeman interposed to say that he was in London in 1895 at the time of the Venezuela complications and heard it said that if America had a great navy President Cleveland's message would have been regarded as an attempt at bullying, and unquestionably would have led to war. The President replied:

But this is not the year 1895. This is a year of madness. It is a year of excitement, more profound than the world has ever known before. All the world is seeing red. No standard we have ever had obtains any longer. In the circumstances, it is America's duty to keep her head and yet have a very hard head; to know the facts of the world and to act on those facts with restraints, with reasonableness, without any kind of misleading excitement, and yet with energy, and all that I am maintaining is this: that we must take such steps as are necessary for our own safety as against the imposition of the standards of the rest of the world upon ourselves.

We have undertaken very much more than the safety of the United States; we have undertaken to keep what we regard as demoralizing and hurtful European influences out of this hemisphere, and that means that if the world undertakes, as we all hope it will undertake, a joint effort to keep the peace, it will expect us to play our proportional part in manifesting the force which is going to rest back of that. In the last analysis the peace of society is obtained by force, and when action comes it comes by opinion, but back of the opinion is the ultimate application of force. The greater body of opinion says to the lesser body of opinion: "We may be wrong, but you have to live under our direction for the time being until you are more numerous than we are." That is what I understand it amounts to.

Now, let us suppose that we have formed a family of nations and that family of nations says "the world is not going to have any more wars of

this sort without at least first going through certain processes to show whether there is anything in its case or not." If you say: "We shall not have any war," you have got to have the force to make that "shall" bite. And the rest of the world, if America takes part in this thing, will have the right to expect from her that she contributes her element of force to the general understanding. Surely that is not a militaristic idea. That is a very practical idea.

Miss Wald asked if this logically would not lead to a limitless expansion of America's contribution. The President replied:

Well, logically, Miss Wald, but I have not the least regard for logic. What I mean to say is, I think in such affairs as we are now discussing the circumstances are the logic. * * * Now, quite opposite to anything you fear, I believe that if the world ever comes to combine its force for the purpose of maintaining peace, the individual contributions of each nation will be much less, necessarily, than they would be in other circumstances; and that all they will have to do will be to contribute moderately and not indefinitely.

In response to Miss Wald's remark that the navy seemed committed to a policy of huge increase, President Wilson continued:

Just let me say that there really has not been any material change. The only difference is this: We have been going on from year to year making certain additions determined upon that year, all along looking forward to a series of years. Now, all that we have done is to evolve the rest of the program. It is not altered to any extent.

One of the members of the committee asked whether the President believed in compulsory military service; he replied:

I did not say I believed in it. To use the phrase of a friend of mine, my mind is to let on the subject. I would say merely that that was not contrary to American tradition.

SECRETARY REDFIELD ON EXTENT OF "WAR BUSINESS."

Secretary of Commerce William C. Redfield, in a letter to William P. Malburn, Assistant Secretary of the Treasury, replying to the latter's suggestion that the American people are in danger of overlooking preparedness for peace, voiced the opinion that the country's so-called war business does not exceed probably 5% of its total commercial and industrial activity. "Necessary readjustments after the war will be important and perhaps serious," Mr. Redfield says, "but the relative importance of war business generally is over-estimated." He added:

So far as we can learn, it does not exceed one-quarter of our exports, and possibly is not quite that much. Even without them our exports would be much larger than before the war. Our shipments to South America, for example, have doubled or more.

It does not seem to be quite proportional to the facts to suggest that we may "find ourselves at the close of the war with a vast organization suitable to the production of goods needed in war times, which organization will be useless." In the first place, the extent of the new organization of this kind is not great compared to all our industries. There are a few cases of large additions of the kind, but in their comparative bulk they are not great. Neither is it, I venture to think, quite the fact that they would be useless in time of peace.

Especially is this so if our own preparedness takes a more substantial form than in the past. It is, however, I think, the more important fact that plants of this kind are not limited to one particular product or even one group of products, but are available for many forms of manufacture, and the new organization and equipment will be a great asset in maintaining our export trade when the war is over.

I doubt if there is any such extent of war business as to involve such consequences as having many plants lying idle and railroads suffering from lack of goods to carry. Of the total industrial and commercial business of the country I think it is probably safe to say that the so-called war business does not exceed 5%.

Industrial preparedness is going on all the time, Secretary Redfield pointed out, and will be aided by legislation recommended by governmental agencies.

CO-OPERATION BETWEEN CAPITAL AND LABOR FIRST ESSENTIAL IN PREPAREDNESS.

Using as his theme "National Preparedness," John J. Arnold, Vice-President of the First National Bank of Chicago, addressed the Kansas Bankers' Association at its annual convention at Salina on the 11th inst. One of the first essentials of national preparedness, said Mr. Arnold, is to bring about a relationship between capital and labor which will make impossible a repetition of the experiences of the British Empire during the present struggle, by our giving to labor its legitimate share of the profits which result from the combined efforts of capital and labor. Mr. Arnold expressed it as his judgment that capital would have to take the lead in a movement of this character, and that labor will respond if the offer is sincere and genuine. Attention was also called by Mr. Arnold to the need of preparedness on the part of the nation so far as a merchant marine is concerned, stating that "while a merchant marine is of great importance for the carrying on of commerce in times of peace, it becomes an absolute necessity in the event of war, so that preparedness in this direction, as in all others, has a two-fold purpose and object." Mr. Arnold's address in part is given below:

National preparedness should not have for its object the preparation for conditions of war, but primarily the meeting of conditions of both peace and strife, with the emphasis on the former. Nor should we soothe our-

solves with the thought that to be prepared for war is to maintain peace. The present conflict in Europe should convince all of us that this method of reasoning has been entirely incorrect.

National preparedness should have for its object over and above everything else the betterment of conditions under which we live. While we, as a nation, have been at peace with the outside world, we have been doing very little or nothing for the maintenance of peace at home. I maintain that the question of greatest importance confronting the American people to-day is the lack of co-operation between capital and labor. In the days of small beginnings, the employer was in constant and personal touch with the employee, and each took a sympathetic interest in the affairs of the other. When, however, we came to the period of corporate action, we developed that monstrosity which has become known as a being without a soul. This is due largely to the fact that those in charge and who are looked upon as the employers, occupy a position aloof and away from those doing the work in the factory and shop. The handling of men is carried on under a practice of general rules and regulations, and because of this condition the employees found it necessary to organize for self-protection. I believe the time is ripe and is now here when steps should be taken for the bringing together of these two great forces, so that instead of antagonism there shall be real co-operation.

There should be organized by our Federal Government a commission, upon which body should be placed not only military and naval experts but also men experienced in the sciences, manufacturing, merchandising, financing, transportation and agriculture, as also representatives of labor organizations. Its duties should be to encourage inventions and improvements everywhere. Every manufacturing institution in the country should be known to this body, more particularly with reference to the character and quality of the goods produced, having in view the production of articles for war, should such become necessary.

Germany has taught the world a lesson in this regard. We are told that in peace times the German Government through the organization of what is known as an Industrial War Commission, has on file reports with regard to every institution in the country, and every manufacturing concern in Germany has definite instructions as to the goods which are to be produced by them should there be a call to arms. Samples of such goods must be produced from time to time, and the article when called for must in every detail be equal to the sample. Such a commission organized in our own country would be in possession of information with regard to the conditions in the shops and factories of our land, and should have power to see to it that such be of the highest order. Aside from this, however, the laborer, as well as the skilled mechanic, should be amply protected against accidents, illness, or old age. In other words, one of the first essentials of national preparedness is to bring about a relationship between capital and labor which will make impossible a repetition of the experiences of the British Empire during the present struggle, by our giving to labor its legitimate share of the profits which result from the combined efforts of capital and labor. This would instill loyalty, as well as patriotism. It is my judgment that capital will have to take the lead in a movement of this character, and that labor will readily respond if the offer is sincere and genuine.

When a nation comes to the position of a world power she must be ready not only to shoulder responsibilities and obligations in behalf of humanity, but there are sure to come to her sooner or later circumstances which will compel her to take a position against others when interference with our own rights are threatened or take place.

For some years prior to the outbreak of the European war some of our citizens conversant with the situation called attention to the probable position of our international commerce in the event of a conflict of arms across the sea. The prophecy was all too soon fulfilled. The declaration of war by England against Germany immediately put out of commission her greatest competitor as a merchant marine. The great German ships were immediately interned in neutral harbors everywhere, and practically the only means of transportation at our disposal were the lines owned by Allied interests and sailing under some one of the Allies' flags. Consequently the transportation companies accepted from us only those things which met with their approval and which were destined for their respective countries; and when, on the 20th day of August 1914, the British order-in-council interfered with and interrupted our shipments to the Central Powers, our Government seemed to be helpless because of the fact that America had practically no merchant marine of her own. Thus, while we are still at peace, our foreign commerce is at the mercy of those who are at war. It is quite probable that if at the time this war came upon us the United States commerce had had a large and powerful merchant marine at its disposal, that much of the subsequent controversy due to submarine warfare would have been prevented. I have called attention to these conditions merely for the purpose of emphasizing the need of preparedness in this direction. If, for instance, Germany's sea power and merchant marine were destroyed as a result of this war, we would be subject entirely to the dictates of the greatest single combination of shipping interests that history has ever recorded, known as the Liverpool Shipping Pool, and our trade, where the same would come into competition with those interests, would unquestionably suffer. While a merchant marine is of great importance for the carrying on of commerce in times of peace, it becomes an absolute necessity in the event of war; so that preparedness in this direction, as in all others, has a two-fold purpose and object.

INQUIRY BY FEDERAL TRADE COMMISSION INTO COAL INCREASES INCIDENT TO WAGE ADVANCES.

An inquiry into advances in the price of coal incident to the wage increases granted to the miners is suggested in a letter addressed to the Federal Trade Commission by United States Attorney-General Gregory. The announcement concerning the suggestion was given out on the 9th inst.—on the very day when it was reported that a circular announcing advances in the wholesale prices of anthracite coal had been approved by the operators. In its issue of the 10th inst. the "Coal Trade Journal" had the following to say concerning the circular:

The event of the past week in the anthracite trade has been the price announcement by one leading interest. While only the Reading circular had been made public up to noon yesterday, it was taken for granted in the trade that others would be forthcoming shortly.

The May prices for white ash coal at Port Reading, as announced by the Philadelphia & Reading C. & I. Co., are as follows: Broken, \$4 95; egg, \$5 05; stove, \$5 30; chestnut, \$5 35; pea, \$3 55; buckwheat, \$4 75; boiler (mixture of rice and barley), \$2 20.

The price of egg, stove, chestnut and pea will be advanced 10 cents a month up to and including Sept. 1st, making the full winter circular as follows: Egg, \$5 45; stove, \$5 70; chestnut, \$5 75; pea, \$3 95.

The prices of broken, buckwheat and boiler coal remain the same throughout the year. Broken has heretofore been subject to the summer reductions, while pea has not been subject to change but will be sold on the discount arrangement in the future, the same as egg, stove and chestnut.

The price changes, as compared with the old circular, are as follows: Broken, reduced 10 cents; egg, advanced 15 cents; stove, advanced 40 cents; chestnut, advanced 20 cents; pea, advanced 55 cents; buckwheat, advanced 25 cents. The old Port Reading circular on rice was \$2, and on barley \$1 75. These are now mixed under the name boiler coal and sold at \$2 20. Thus the steam coals yield a better return. * * *

The full Port Reading circular for the various grades and sizes, as given out yesterday by the Philadelphia & Reading C. & I. Co., is as follows:

	*Broken.	Egg.	Stove.	Nut.
White Ash.....	\$4 95	\$5 45	\$5 70	\$5 75
Shamokin.....	---	5 70	5 95	5 95
Schuylkill Red Ash.....	---	5 95	6 20	6 25
Lorberry.....	---	5 95	6 20	6 25
Lykens Valley.....	6 25	6 45	6 70	6 75

A reduction of 40 cents a ton will be allowed from the above prices on egg, stove and nut shipped during the month of May 1916.

Prices on smaller sizes will be:

Pea.	*Buck.	*Boiler.
\$3 95	\$2 75	\$2 20

A reduction of 40 cents a ton will be allowed from the above prices on pea shipped during the month of May 1916.

*No discount allowed.

Later in the week it was reported that the operators had not determined what the advances would be, and that there was a possibility that the new schedule of prices would be submitted to the Federal Trade Commission before being made public.

While the Attorney-General's letter to the Commission suggesting an inquiry into advances was not made public until Tuesday of this week it was written under date of the 6th inst. We print the same herewith:

It has been stated in the public press, with apparent authority, that having agreed to an advance in wages, the railroad coal companies will now use that as an excuse for materially increasing the price of anthracite coal to consumers.

It has been brought out in the various legal proceedings against anthracite railroads that on similar occasions in the past when wages have been advanced, the railroad coal companies, on the pretext of increasing prices for the purpose of meeting the increased cost of production resulting from the higher wages, have made much greater increases than were necessary for that purpose.

Since Jan. 1 1900 there have been three general advances in the wages of mine workers in the anthracite regions, exclusive of the present advance.

In October 1900 wages were advanced approximately 10%. In the fiscal year immediately preceding this advance (July 1 1899—June 30 1900) the cost of production of the Philadelphia & Reading Coal & Iron Co., whose mines are among the most expensive to operate, was \$1 67 per ton. In the fiscal year immediately following (July 1 1900—June 30 1901) its cost of production was \$1 826 per ton, an increase of 15.8 cts. per ton, which includes not only the increase due to the advance in wages but the increase due to all other factors. On the other hand, the same company (the others following suit) increased prices by 23.2 cts. per ton on all sizes, making the excess of price increase over cost increase 7.6 cts. per ton.

On Nov. 1 1902 there was another general advance in wages of approximately 14%. In the fiscal year preceding this advance (July 1 1901—June 30 1902) the cost of production of the Philadelphia & Reading Coal & Iron Co. was \$2 066 per ton. In the fiscal year immediately following (July 1 1902—June 30 1903) its cost of production was \$2 199 per ton, an increase of 13.3 cts. per ton, which includes not only the increase due to the advance in wages but the increase due to all other factors. On the other hand, the same company (the others following) increased prices by 49.4 cts. per ton on all sizes, making the excess of price increase over cost increase 36.3 cts. per ton.

Undoubtedly the prices immediately following the wage increase in 1902 were abnormally high, due to the scarcity of coal in consequence of the long strike. It will be fairer, therefore, to take the prices prevailing in the fiscal year ended June 30 1904, as a basis for comparison. This would show an excess of price increase over cost increase of 24.5 cts. per ton.

In 1912 another advance in wages took place, amounting to about 5.6% net. Again prices were increased on the pretext of meeting the resulting increase in the cost of production. On this occasion the House of Representatives directed the Bureau of Labor to make an investigation. The Bureau found that whereas the advanced wages increased the cost of production only 9 cts. per ton, prices were increased 25 cts. per ton, making the disparity between price increase and cost increase 16 cts. per ton.

The report of the Bureau of Labor states:

"Following the agreement May 20 1912, the wholesale price of anthracite coal was advanced by the mining companies about 25 cents per ton when all sizes are taken into consideration. The advance in miners' wages under the above agreement and the increase in wages granted to men and specifically covered by the agreement was equivalent to an increase of between 8 and 10 cents per ton in the cost of labor, or an average increase of about 9 cents per ton for the anthracite region as a whole. Deducting this increase in labor cost from the increase in the selling price per ton, it will be seen that the prices realized by the coal mining companies were increased about 16 cents per ton more than was required by the new scale of wages alone." (House Doc. 1442, p. 33.)

As the total consumption for some years past has been in the neighborhood of 75,000,000 tons, this excess of price increase over cost increase, following the advance in wages in 1912 meant a surtax upon consumers of about \$12,000,000 annually.

In view of these facts, I take the liberty of suggesting that if the advance in wages just agreed upon shall be followed as in the past by an increase of the price of coal to consumers, the Federal Trade Commission, under the authority of Section 6 of the Act creating it, institute a searching investigation into the operations and accounts of the great producing companies for the purpose of ascertaining all the facts upon which such increase in price may be based, including the relation between any increase in the cost of production due to advance of wages and the increase of profits caused by the increase in price.

In addressing the Attorney-General in answer to the above, the Commission said:

Sir.—The Commission has given careful consideration to your letter of May 6 pertaining to the anthracite coal industry. If the situation should develop as you suggest, the Commission will be glad to take the matter up with you further, with a view to making such investigation as the public interest may require.

NEW MEMBERS OF COMMITTEE NAMED BY RAILROADS TO CONSIDER TRAINMEN'S DEMANDS.

The National Conference Committee of Railroad Managers which will represent the railroads of the country in the negotiations with regard to the trainmen's demands, completed its organization on the 8th inst. In addition to the sixteen members of the committee reported in our issue of Saturday last, two additional names have been added to the list, so that it consists of six representatives of each of the sections—the Western roads, the Eastern roads and the Southeastern roads. The two new members are S. E. Cotter, General Manager of the Wabash RR., who is one of those representing the Western roads, and E. W. Grice, General Superintendent of transportation of the Chesapeake & Ohio RR., who will be one of the representatives of the Southeastern roads. Elisha Lee, Assistant General Manager of the Pennsylvania RR., has been made Chairman of the committee. As heretofore noted, the conferences with representatives of the Brotherhoods will open in New York on June 1.

SOCIALISTS' DEFENSE AGAINST CAPITALIST CLASS.

The Socialist Labor Party at its national convention on the 3d inst. adopted a resolution in which it set out that it recognizes in the "military preparedness program of the owning class a movement hostile to the interests and lives of the working people"; it further maintained that "the only 'national defense' program worthy of the workers' attention is the kind that contemplates defense of their own class interests against the only real enemy, which is the capitalistic class, irrespective of country; and to prepare by organization, politically and industrially, to seize the power of Government and take possession of industries in all countries to the end that Socialism shall be established, thus establishing community of economic interests of the people of all countries and races, which must result in abolishing wars, together with the cause of wars, forever." The resolution is also said to include the following paragraph:

The Socialist Labor Party holds that, pending the time of the complete overthrow of the capitalistic wage system, the working classes of the world will not be in a position to make wars impossible, no matter how much they may be imbued with the spirit and ideas of internationalism, anti-militarism, and anti-patriotism, unless they build up in their respective countries economic organizations on revolutionary industrial union lines. These organizations, in order to be effective for the purpose, must be sufficiently strong to enable the workers—in case their Governments attempt again to plunge the world into war—to prevent mobilization of troops, ammunition, and other war supplies by paralyzing the mines and all means of communication, transportation and all industries where ammunition and other war supplies are manufactured.

THE WORLD COURT CONGRESS.

The World Court Congress, organized for the purpose of bringing about the establishment of a tribunal for the settlement of international disputes, closed its second annual conference on the 4th inst. The meeting, which covered three days, was held in this city at the Hotel Biltmore. At the concluding session a resolution was adopted setting out the purposes of the Congress and announcing its intention to persuade the approaching national conventions to declare themselves in their respective party platforms as favoring the creation of an international court of justice, acting under a sense of judicial responsibility. A host of prominent men addressed the gathering during the convention, which was opened by John Hays Hammond, President of the Congress, who, speaking in behalf of the movement, was quoted in the "Herald" as saying:

We regard the establishment of a world court as a condition precedent to the limitation or the reduction of armaments, and from the lessons of the war the advocates of a world court are more convinced than ever before that in such a court lies the pacifists' hope to avert militarism and a nation's reliance for the first line of defense against foreign aggression.

There can be no objection to a world court other than as to its inadequacy. That such a court will not render future wars impossible is realized by its sanguine advocates, for there is no specific against war, but they do believe at least it would minimize the liability of war by eliminating many issues that constitute a constant menace to peace, and in that way the proposed court would not be less effective than would be medicine in eradicating disease, education in abolishing ignorance, or religion in warring with wickedness; yet who would contend that medicine, education and religion are not indispensable factors in human progress.

The creation of a world court for the sole purpose of adjudicating international disputes is feasible; it is a long step in the right direction, whereas more ambitious projects, employing more effectual methods in the enforcement of the court's decree, are confronted with serious obstacles to their realization.

Many of us believe that the world court can be established by the time of the termination of the present European war in connection with the discussion of the terms of peace. The belligerent nations at that time would, we believe, be willing to subordinate minor differences of opinion for the realization of this ideal, which they will then regard as indispensable to their future welfare.

Ex-President William H. Taft, Honorary President of the organization, spoke at the meeting on "The Supreme Court

of the United States the Prototype of a World Court," in which he reviewed the history leading up to the present movement. During the course of his remarks, he said in part:

The issue as to whether the Serbian Government was in any way responsible for the killing of the Crown Prince of Austria and his wife might have been settled by a hearing and decision of a permanent international court. The fact judicially found could have been made the basis of a conference between the nations and a settlement of the political question as to the redress which Serbia should be compelled to render were she found guilty. The time taken in the submission of such a question and the rendition of the judgment would have gone a long way to prevent the war.

With reference to the settlement of justiciable questions, the world court we are here to advocate, will be supremely useful. It must rest for its jurisdiction on an international agreement between the great Powers, which shall provide a permanent court, or permanent judges, versed in the law, who shall decide questions according to law and who ought under the agreement to have the power to decide whether the question presented by the complainant is within the jurisdiction of the court under the international agreement. A world court could not provide for the settlement of political and other non-judicial questions that may lead to war and which cannot be disposed of in accordance with the rules of law and equity. Nevertheless, it will be an enormous step in the avoidance of war to have such a court, and the example that it will furnish in a very large field of controversy, the settlement of which will avoid war, cannot but have a profound influence in also stimulating settlement by negotiation and compromise and by arbitration of questions outside the possibility of judicial settlement.

Oscar S. Straus, in addressing the meeting on "International Reconstruction," declared that:

Before we can establish a court, we must ascertain what will be the results of this war. Of course at this time we cannot forecast with any degree of positiveness the result, whatever way our inclination may lead. The world is in the midst of a terrible tornado, which has uprooted the civilizations of the past and scattered the habitations of man, and has brought within its vortex Europe, Asia, Africa and even the American Continent. The tornado has not ended; the havoc is still going on. The time of reconstruction will come, must come, but how that reconstruction shall be undertaken and carried forward we cannot at this time tell. So, in any event, our country, which has up to the present not been drawn into the vortex, it is quite proper, more than proper, it is our duty, to make preparations for any and every contingency that may develop—preparations for rebuilding the destroyed citadels of the law, preparations to be a strong nation, to maintain our right and our justice. Whatever may happen, we need both kinds of preparation.

James Speyer, who presided at the afternoon session on the 3rd, had the following to say in opening the session:

This is not one of the many peace societies, although we sympathize with their aims. We have a definite, practical purpose. We do not advocate a limitation or reduction of armaments, &c. On the contrary, our eagerness distinctly is in favor of measures for preparedness, and I personally, for instance, have been for many years a member of the Navy League, advocating an efficient and larger navy. This is absolutely needed, in view of the constantly increasing navies of some of the other progressive nations. It is quite clear that if we succeed, as we hope to, in convincing our people of the desirability and feasibility of a world court, and finally get our national Government to suggest and champion its establishment, to the other great Powers, such a suggestion or recommendation would carry much greater weight if these other nations knew that we are not only willing to fight for what we think is right, but also are thoroughly prepared and ready to fight if need be, both on land and sea.

Leslie M. Shaw, formerly Secretary of the Treasury, was also one of the numerous speakers who contributed to the program during the three days' meeting. In furtherance of the movement for the establishment of an international court, Mr. Shaw suggested the creation of a new Government, to be called "The United Sovereignities of the Earth." Concerning his proposal he said:

This would involve a constitution patterned as far as practicable after the Constitution of the United States. Under our Constitution each sovereign State must be a republic, but under the proposed constitution, each sovereignty composing the united sovereignties would have to be permitted to continue its present form of government. It would also require a congress, a chief executive under some name, a court, a standing army and navy sufficient to enforce the peace of the world, and each of the several sovereignties would have to be limited in the size of its respective army and navy, the same as each of our sovereign States is limited in the size of its national guard and the number of its armed ships.

Many difficulties would arise, and perhaps the first and most serious would be the necessity of obtaining recognition of the Monroe Doctrine and the guarantee that the existing form of government of each of the sovereignties composing the United Sovereignities should be continued. This would simply be a new and a larger *pluribus unum*. The pluribus, of course, would be the United States, Great Britain, France, Germany, Italy, Holland, Denmark and such other sovereignties as might be from time to time admitted into the union.

N. Y. CHAMBER OF COMMERCE OPPOSES PROHIBITION OF USE OF GOVERNMENT STOP WATCHES

A report unanimously adopted at the meeting on the 4th inst. of the Chamber of Commerce of the State of New York characterizes as pernicious pieces of legislation the bills in Congress making it a misdemeanor for any one having charge of Government employees to use a stop watch or other time-measuring device, and penalizing the use of such instruments by those having charge of postal employees. This report, as submitted by the Committee on Internal Trade and Improvements, of which Samuel W. Fairchild is President, is as follows:

The Committee on Internal Trade and Improvements reports as follows on two bills from the House of Representatives and referred by the Executive Committee to this committee. These measures are known as H. R. 8665 and H. R. 8677, introduced respectively by Representatives Tavenne

and Van Dyke. The Tavenner bill makes it a misdemeanor for any one having charge of employees of the United States Government to use a stop-watch or other time-measuring device to study any job or the movements of any employees. The Van Dyke bill penalizes any such use of time-measuring instruments by persons having charge of employees in the postal service.

If these bills were enacted into law and enforced it would be illegal to use watches or clocks in controlling the time or efforts of employees of the Government. Neither of them has any claim whatever to be put on the statute books. If enacted and enforced the following results would necessarily ensue:

It would prevent standardizing industrial processes in navy yards, repair shops and all other forms of Government employment subject to this provision.

It would make scientific management of industries under Government auspices wholly impossible.

It would convert into a political machine every industrial undertaking under Government auspices and encourage conditions of wastefulness and inefficiency.

It would arrest the development of the capacity of this nation to compete in industrial and commercial fields with other nations where the principles of scientific management are being steadily applied to the perfection of industrial processes. Therefore, be it

Resolved, That the Chamber of Commerce of the State of New York regards the Tavenner Bill, H. R. 8665, and the Van Dyke Bill, H. R. 8677, as most pernicious pieces of legislation considered either from the viewpoint of the employer or of the employee. And, be it further

Resolved, That the Representatives in Congress from the State of New York be promptly advised of our attitude toward these measures, and that copies of this preamble and resolution be sent to them and to the members of the committees to which these two bills have been referred.

APPEAL TO PRESIDENT REGARDING INCOME TAX ON SECURITIES OF NON-RESIDENT ALIENS.

A letter addressed by the Investment Bankers' Association of America on the 6th inst. to President Wilson calling his attention to certain facts having to do with the administration of the income tax law in connection with the taxation of interest on bonds owned by non-resident aliens, was made public this week. In pointing out the injury which will result through the enforcement of the recent Treasury regulation, the letter says in part:

It should not be thought that this question concerns exclusively or even primarily the investment dealer. It concerns him only as the instrument through which American industry is financed competitively and cheaply in the markets of the world. Foreign investors are taxable at home. They will not buy bonds subject to an uncertain foreign tax. They will sell many of the bonds they now own when this foreign tax, in the levy of which they have no voice and the benefits of which they do not share, is imposed upon them. Nor does this concern only the industry whose bonds are made unmarketable. If we narrow the markets for capital, all interests seeking capital are bound to be affected. Aside from the dishonesty of confiscating present debts, the unwisdom of putting a tax prohibitive in character on foreign capital must be apparent to all.

We wish, however, at this time not to argue the question to your Excellency, but only to indicate the character and effect of the issue, as bearing on the unprecedented course pursued by the Treasury Department in seeking to make a regulation which either has no support in the law or has a support so mysterious that it cannot be disclosed and so weak that it cannot be submitted to the consideration of the Attorney-General.

Various interests are considering ways and means of contesting in the courts the legality of the recent Treasury decision taxing non-resident aliens. If a coupon on a non-tax-free bond owned by a non-resident alien should be presented for payment during the next week, the fiscal agent or corporation would be able to get the question into the courts at once by withholding the tax and inviting the alien to sue it for the full interest. The case could be brought in the Municipal Court in this city, a prompt decision obtained and then appealed to the Appellate Term, which is the Court of last resort in this State on suits brought in the Municipal Court. This would bring the case by appeal to the United States Supreme Court in the early fall. It is said that this is practically the only chance of getting the question decided before the first of the year. If the facts can be found for such a case, it is thought possible that the Treasury might further postpone its regulation until Jan. 1, so that it would not really become effective unless it is upheld by the courts. Otherwise, the regulation will presumably become operative and may not get into the courts until next winter. In the meanwhile the taxes will have been withheld and if it is declared illegal will have to be refunded to the bondholders.

TRADE COMMISSION RECOMMENDS LEGISLATION PERMITTING CO-OPERATION IN EXPORT TRADE.

In a report presented to Congress on the 3d inst., following its investigation into competitive conditions in the American export trade, the Federal Trade Commission set out the conclusions:

1. That other nations enjoy marked advantages in foreign trade from superior facilities and more effective organizations.

2. That doubt and fear as to legal restrictions prevent Americans from developing equally effective organizations for overseas business and that the foreign trade of our manufacturers and producers, particularly the smaller concerns, suffers in consequence.

The Commission states that its investigation has established the fact that doubt as to the application of the anti-

trust laws to export trade now prevents concerted action by American business men in export trade even among producers of non-competing goods, and adds:

In view of this fact, and of the conviction that co-operation should be encouraged in export trade among competitors as well as non-competitors, the Commission recommends the enactment of declaratory and permissive legislation to remove this doubt. The Commission feels it would fall of its duty if it did not urge the pressing need of such action immediately. If American business men are to make the most of the great opportunities now before them, are to build securely in foreign trade, and are to avoid disaster in the shock of the stern and determined competition that will doubtless follow the war, they must at once perfect the organization demanded by the conditions of international trade.

Its findings are in part as follows:

While the United States has been absorbed in domestic development other nations have followed definite policies for the expansion of their foreign trade and have perfected efficient organizations for the purpose in view.

Recognizing the vital influence of transportation facilities, foreign nations have built up their ocean shipping, have granted low export railway rates, and have combined their land and ocean transportation facilities to give their shippers ready entrance into their overseas markets. The United States, on the contrary, has neglected its merchant marine until it is dependent upon its commercial rivals to deliver its goods. In consequence the transportation of its products is now largely controlled by powerful international combinations of foreign shipowners who discriminate against American shippers.

Realizing the necessity of banking and credit facilities to finance their transactions, foreign nations have not only established connections with banking houses in every land, but have dotted the map of the world with foreign trade banks of their own. Banks with their main offices in London, Berlin, Paris, Rome and Vienna operate hundreds of branches and agencies in South America, the Orient, Australasia, the Levant, all around the coast of Africa and far within the remote interior. They give the foreign exporter information, extend credit, finance his transactions and constantly strive to increase the foreign business of the mother country. The few foreign branches of American banks have but recently been established, and in most markets our exporters must depend on alien bankers.

Though now increasing, American investments abroad are comparatively small. British, French, German and other foreign traders, on the other hand, enjoy a peculiar advantage from the billions of dollars of investments made by their fellow nationals in foreign lands, frequently on the express condition that supplies and equipment should be purchased in the country furnishing the funds. British and German investments in South American railways and public utilities, French investments in Turkey and Japanese investments in China and Manchuria are typical examples. In consequence, time and again, American manufacturers have found it impossible to sell their products abroad because the prospective customer was forced to purchase from or through interested investors.

Shipping facilities, banking and credit arrangements and investment of capital abroad are thus of primary importance in international trade. Other branches of the Government have special jurisdiction of some of these matters, and all of them will doubtless receive consideration from Congress. In accordance with its specific authorization this Commission has therefore directed its investigation to the effect of foreign combinations on the commerce of the United States.

In the electrical, cotton-textile, pottery, tobacco, wall-paper, iron and steel, and various other industries, strong associations and combinations are important factors in foreign and domestic business.

It is against such organizations as these, uniting powerful groups of foreign concerns, backed by great banks, aided by railway and ship lines and vigorously assisted by foreign governments that hundreds of comparatively small American manufacturers and producers must compete for trade beyond our shores. Some of the foreign trade combinations, which enjoy overwhelming advantages in international trade, have established branches and plants here which compete with American manufacturers for the home trade. Moreover, in some industries our smaller manufacturers must compete abroad with great American companies having most efficient world-wide selling organizations.

In various manufacturing industries the lack of raw materials, higher manufacturing costs and similar handicaps make it extremely difficult at best for Americans to compete with foreigners for trade abroad. Therefore, with Americans suffering rigorous competition from powerful foreign combinations, and forced to expose the secrets of their overseas business to their foreign competitors and to risk effective discrimination against their trade through dependence on foreign cables, telegraphs, banks and ships, our manufacturers, and especially our smaller producers, are frequently at a decisive disadvantage in foreign trade.

In various markets American manufacturers and producers must deal with highly effective combinations of foreign buyers. Thus exporters of lumber find such combinations in Australia and on the Continent of Europe. Cottonseed products are handled by combinations of buyers in Holland, Denmark and Germany; and Austrian cotton textile manufacturers have a buying combination to import their raw cotton.

The Wholesale Co-Operative Societies, Ltd., an astonishingly comprehensive wholesale buying organization maintained by 1,400 co-operative societies in Great Britain, has one buyer in New York who annually purchases millions of dollars worth of American products. Combinations of British coal brokers fix the contract price for bunkering ships at Newport News. Four London firms, known as the Fixing Board, daily set the price of silver for the world, and American mining companies must sell their silver for either the English or the great Indian market to one of these four houses.

For years the copper trade of the world has been ruled by a vast German metal-buying organization centering in the Metallbank und Metallurgische Gesellschaft A. G. of Frankfurt on the Main. This combination has subsidiary and affiliated companies in Germany, England, France, Spain, Switzerland, Belgium, Africa and Australia, controls copper and lead mines and smelters in the United States, Mexico and other countries, and works in agreement with other German metal-buying concerns.

These combinations constantly make individual American producers bid against each other, and are thus able to buy at prices near or below the cost of production. By such tactics the present contract price for bunkering ships in Hampton Roads has been fixed at 5 to 7 cents per ton below the domestic price. By similar means and the manipulation of the foreign future markets the German metal-buying combination over a series of years has bought millions of tons of American copper at prices averaging nearly a cent a pound below the prices paid by American consumers.

Our forests constitute a rich source of timber, our coal mines are among the greatest known, our phosphate rock deposits parallel the potash beds of Germany, our copper mines produce more than half the world's output and are necessary for the world's demands. Other nations take measures to conserve their national resources. A combination of Chilean producers

fixes export quotas and prices for iodine. The German Government promotes combination among German potash producers, with a Government board to determine output for domestic and export trade, and the law prohibits sales abroad below the prices fixed for domestic business. We, on the contrary, because our industrial organization is unadjusted to international commerce, are favoring foreign above home consumers, and without present gain are wasting the priceless heritage of future generations. The mere statement of these conditions should be sufficient argument for their correction.

If Americans are to enter the markets of the world on equal terms with their organized competitors and their organized customers, if they are to expand the foreign trade of the United States as they should, and if our small producers and manufacturers are to obtain their rightful share of foreign business on profitable terms, they must be free to unite their efforts. We are in danger of being misled into overconfidence and baseless self-assurance by the imposing totals of our present abnormal foreign trade. A great part of our present trade is purely war business which will end with peace. Another part is enforced buying by parties cut off from former sources of supply, and unfortunately much of this business is being done on terms and by methods that are alienating the purchasers and that insure the diversion of their trade to other countries at the earliest opportunity. Moreover, the end of the war will, doubtless, see vigorous efforts by Europeans to re-capture lost trade. Therefore, earnest thought should be given to measures for the improvement of our foreign business.

Our surplus foodstuffs and raw materials will sell themselves at some price, but to avoid needless expense in distribution, to meet formidable foreign buying organizations, to insure reasonable export prices, and to prevent the profitless exhaustion of our natural resources, co-operation among American producers is imperative.

In the sale of our factory products co-operation is equally necessary. Such goods must be advertised, demonstrated and a market created among alien peoples, often in the face of determined and destructive competition from great combinations of foreign manufacturers. But if our industrial development is to proceed as it should, the foreign business of our manufacturers must be expanded. Obviously, only strong organizations can undertake the contest. If groups of American manufacturers and producers, either competing or non-competing, can combine their efforts, they can share the cost of developing new markets, can establish themselves firmly, can assist in the financing of foreign enterprises, can more readily extend credit to foreign customers, and can compete more successfully with foreign syndicates and cartels. Precisely such action by our manufacturers is, therefore, one of the first requisites for the successful growth of our industries.

Two chief dangers from co-operative export organizations of American manufacturers and producers are apparent. They may be used to exploit the home market and they may be used unfairly against individual American exporters in foreign trade. The dangers in co-operative action must be faced frankly and provided against fully.

The Commission is confident that this can be done without sacrificing the essential advantages of joint action and without altering the policy of the anti-trust laws or interfering with their enforcement. Thus, specific extension of the law prohibiting unfair methods of competition to export trade and requirement of full reports to the Federal Trade Commission from co-operative export organizations will protect the individual exporter; while the enforcement of the anti-trust laws will prevent the use of such organizations to effect restraint of trade or monopoly in the domestic market.

The Commission does not believe that Congress intended by the anti-trust laws to prevent Americans from co-operating in export trade for the purpose of competing effectively with foreigners, where such co-operation does not restrain trade within the United States and where no attempt is made to hinder American competitors from securing their due share of the trade. It is not reasonable to suppose that Congress meant to obstruct the development of our foreign commerce by forbidding the use, in export trade, of methods of organization which do not operate to the prejudice of the American public, are unlawful in the countries where the trade is to be carried on, and are necessary if Americans are to meet competitors there on equal terms.

PHILADELPHIA CAMPAIGN FOR REASONABLE REGULATION OF RAILROADS.

The Philadelphia Bourse, which initiated the formation of the Philadelphia Joint Committee on the Reasonable Regulation of Railroads, announced on the 6th inst. that the distribution of copies of the "campaign" booklet on the necessity for a more simplified and centralized system of railroad regulation has been completed. The issuance of this publication by the Philadelphia Joint Committee, which consists of ten of the largest trade and general business associations of this city, was begun last month as the basis for a national movement by trade bodies for the removal of the railroads from the jurisdiction of State commissions and their regulation by the Federal Government exclusively. Approximately 2,000 copies of the booklet were distributed among the leading trade and commercial organizations of the United States, the officers, directors and member-organizations of the Chamber of Commerce of the United States, railroad officials and attorneys, Government officials and bureaus and shippers generally. The attention paid by trade journals and newspapers throughout the country to the findings of the investigation of the Joint Committee and the advocacy by the Philadelphia Bourse of a reorganization of the Inter-State Commerce Commission into district courts, with a United States Supreme Inter-State Commerce Court, an appellate body sitting at Washington, testifies to the Joint Committee's satisfaction the nation-wide interest in the "Philadelphia Idea." The suggestion of the Joint Committee for legislation permitting the Federal incorporation of railroads as the means of eliminating the present conflict between State and Federal regulation is being generally received with sympathy, it is claimed.

UNITED STATES ACKNOWLEDGES GERMANY'S ALTERATION OF SUBMARINE POLICY.

An acknowledgment of the German note, notifying the Imperial Government of the acceptance by the United States of the former's declaration of its abandonment of the submarine policy was cabled on the 8th inst. to Ambassador Gerard by Secretary of State Lansing for delivery to the Berlin Foreign Office. The communication, which is very brief, sets out that "the Government of the United States will rely upon a scrupulous execution henceforth of the now altered policy of the Imperial Government, such as will remove the principal danger to an interruption of the good relations existing between the United States and Germany." The United States, however, takes occasion to state that "it cannot for a moment entertain, much less discuss, a suggestion that respect by German naval authorities for the rights of citizens upon the high seas should in any way or in the slightest degree be made contingent upon the conduct of any other Government affecting the rights of neutrals and non-combatants." Secretary Lansing's communication is as follows:

The note of the Imperial German Government under date of May 4 1916, has received careful consideration by the Government of the United States. It is especially noted, as indicating the purpose of the Imperial Government as to the future, that it "is prepared to do its utmost to confine the operation of the war for the rest of its duration to the fighting forces of the belligerents" and that it is determined to impose upon all its commanders at sea the limitations of the recognized rules of international law upon which the Government of the United States has insisted.

Throughout the months which have elapsed since the Imperial Government announced, on Feb. 4 1915, its submarine policy, now happily abandoned, the Government of the United States has been constantly guided and restrained by motives of friendship in its patient efforts to bring to an amicable settlement the critical questions arising from that policy. Accepting the Imperial Government's declaration of its abandonment of the policy which has so seriously menaced the good relations between the two countries, the Government of the United States will rely upon a scrupulous execution henceforth of the now altered policy of the Imperial Government such as will remove the principal danger to an interruption of the good relations existing between the United States and Germany.

The Government of the United States feels it necessary to state that it takes it for granted that the Imperial German Government does not intend to imply that the maintenance of its newly announced policy is in any way contingent upon the course or results of diplomatic negotiations between the Government of the United States and any other belligerent Governments, notwithstanding the fact that certain passages in the Imperial Government's note of the fourth instant might appear to be susceptible of that construction.

In order, however, to avoid any possible misunderstanding, the Government of the United States notifies the Imperial Government that it cannot for a moment entertain, much less discuss, a suggestion that respect by German naval authorities for the rights of citizens of the United States upon the high seas should in any way or in the slightest degree be made contingent upon the conduct of any other Government affecting the rights of neutrals and non-combatants. Responsibility in such matters is single, not joint; absolute, not relative.

In furnishing the note for publication Secretary Lansing issued a statement pointing out that the greater part of Germany's answer to the demand of the United States was devoted to matters which the American Government could not discuss with the Berlin Government, but he considered Germany had "yielded to our representation" and that "we can have no reason to quarrel with her," so long as the altered policy is lived up to. We give the statement below:

The greater part of the German answer is devoted to matters which this Government cannot discuss with the German Government. The only questions of right which can be discussed with that Government are those arising out of its action or out of our own, and in no event those questions which are the subject of diplomatic exchanges between the United States and any other country.

The essence of the answer is that Germany yields to our representations with regard to the rights of merchant ships and non-combatants on the high seas and engages to observe the recognized rules of international law governing naval warfare in using her submarines against merchant ships. So long as she lives up to this altered policy we can have no reason to quarrel with her on that score, though the losses resulting from the violation of American rights by German submarine commanders operating under the former policy will have to be settled.

While our differences with Great Britain cannot form an object of discussion with Germany, it should be stated that in our dealings with the British Government we are acting, as we are unquestionably bound to act, in view of the explicit treaty engagements with that Government. We have treaty obligations as to the manner in which matters in dispute between the two Governments are to be handled. We offered to assume mutually similar obligations with Germany, but the offer was declined. When, however, the subject in dispute is a continuing menace to American lives it is doubtful whether such obligations apply unless the menace is removed during the pendency of the proceedings.

The treaty with the British Government referred to is the convention negotiated by former Secretary Bryan under which the two nations agree that any dispute arising shall be submitted to an investigating commission for one year before entering into hostilities. An offer to enter into such a treaty for Germany brought a request for information, but formal negotiations never were instituted.

The official text of the German note, which was delivered to Ambassador Gerard on the 4th inst., reached the State Department at Washington late in the evening of the 5th

inst. It is stated that it does not differ in any essential particular from the unofficial version received in a dispatch from Berlin earlier in the day, and published in our issue of Saturday last.

James W. Gerard, the American Ambassador to Germany, has taken occasion to declare as unfounded, statements made by critics to the effect that he is an enemy of the German people. His denial appeared in an interview in the "National Zeitung" of Berlin on the 7th inst., and was published by the "Neues Wiener Journal" of Vienna on the 8th inst. as follows:

I cannot tell about conditions in America because I have not been there for three years, nor am I sufficiently informed as to the views of the President and Secretary of State, for the reason that communication between Berlin and Washington is very difficult, even for me. But I hope that peace between Germany and the United States will be maintained.

I wish you would state that in this crisis and in all former crises I have attached the utmost importance to clearing away misunderstandings between Germany and America. I have always done everything to help avert a conflict between the Government to which I am accredited and my Government. I do not wish for war between Germany and America, have never wished it, shall never wish it. The accusation that I am an enemy of the Germans is absolutely untrue. I have never done anything to justify the reproach that I dislike the German people.

It has been said of me lately, without a semblance of proof, that I have encouraged my Government to go to war, that I said the German Government could make as many concessions as it wished, but war was inevitable, because I wished it. They have said that I owned a munitions factory in America and, therefore, was financially interested in war.

In an effort to malign me they even wrote to the Crown Princess that my wife had decorated her dog with the orders the Kaiser had conferred on her and that she had taken the dog, thus bedecked, for a walk in Unter Den Linden.

I am exceedingly incensed at these maliciously false stories, which have gained wide circulation even in responsible circles in Berlin. I appeal from these base falsehoods to the leaders of the German Government. They know that I have always done everything to maintain peace between Germany and America. Naturally, I cannot say what happened at the German Army Headquarters, where I met the Kaiser. I cannot say whether I asked the Kaiser for an audience or he invited me to meet him. I am only my Government's servant. I receive orders, carry them out and report as to their performance. I do not, however, play a decisive part therein.

CHANCELLOR HOLLWEG ON DANGERS OF RUPTURE WITH UNITED STATES.

In what is said to be a summary of the speech of Dr. von Bethmann Hollweg, the German Imperial Chancellor, at the secret session of the General Committee of the Reichstag on the 5th inst. regarding Germany's reply to the United States, he is quoted as saying that "the overwhelming majority of expert opinion regards a rupture of relations with America as a grave peril." The reported summary of the Chancellor's remarks was published in London by the "Wireless Press" on the 11th inst., under a Berne date, which stated that the following remarks by the Chancellor may be accepted as unquestionably authentic:

I have said before that we must drop all sentimentality. I repeat that with regard to our dispute with America, our self-respect was wounded by the aggressive wording of the American note to Germany. Our feelings urge us to repel this interference with our legitimate methods of warfare to tell America to mind her own business, but considerations of policy compel us to subordinate patriotic zeal to patriotic reason. We must be guided, however, not by our feelings, but by the coolest judgment.

We have one aim and one duty, namely, to win the war; therefore any policy which endangers our victory must be avoided. The overwhelming majority of expert opinion regards a rupture of relations with America as a grave peril.

A great mistake has been committed in overstating the value of the submarine campaign against England. Our naval experts no longer believe in the probability of reducing England to starvation and ruin by submarines, even if the war lasts another two years. It is true that these instruments can inflict a frightful amount of damage, but this damage would be insufficient to outweigh the danger to ourselves of America's hostilities.

It is folly to underestimate the consequences of a conflict with America, nor should we risk only America's enmity. Our information leads us to believe that other neutrals might follow America's lead.

The Imperial Government has weighed every factor and is convinced of the necessity of avoiding a breach with America.

These are the hard facts of the present situation. We have worded a reply such as may reserve future liberty of action. If the situation changes we may cancel our concessions to America and resume unrestricted submarine operations, but for the present we must overcome our feeling and pursue the policy most conducive to final victory over all our enemies.

GERMANY ADMITS RESPONSIBILITY FOR SUSSEX ATTACK.

Admission that the damage to the French steamer *Sussex*, which was crippled in the English Channel off Dieppe on March 24, was caused by a German submarine, is contained in a note received from the German Minister of Foreign Affairs, Herr von Jagow, under date of the 8th inst. As previously noted, the *Sussex* at the time of the accident carried twenty-five Americans. In its communication to the United States on April 10 the German Government, while admitting that one of its submarines attacked a vessel in the Channel in the region between Folkestone and Dieppe on the day of the *Sussex* disaster, stated that a sketch of the vessel made by the German submarine commander and a

published photograph of the *Sussex* indicated that they were not identical, and it, therefore, assumed that the injury to the *Sussex* was "attributable to another cause than an attack by a German submarine." In its note of this week the German Government, in acknowledging responsibility of a German submarine in the matter, expresses regret at the incident, declares its readiness to pay an adequate indemnity to the injured American citizens, and states that the commander of the submarine has been "appropriately punished." The note, as received by the Secretary of State from Ambassador Gerard, is as follows:

American Embassy, Berlin, May 8 1916.

Following is translation of the text of note upon which my telegram No. 3858 was based:

Supplementing his note of the 4th instant, concerning the conduct of the German submarine warfare, the undersigned has the honor to inform His Excellency the American Ambassador, Mr. James W. Gerard, that the further investigation made by the German naval authorities concerned, in regard to the French steamship *Sussex*, on the basis of the American material, has been concluded in the meantime. In conformity with the result of this investigation the assumption expressed in the note of the undersigned of the 10th ultimo, that the damage of the *Sussex* was to be traced back to a cause other than the attack of a German submarine, cannot be maintained.

Such an assumption had to be arrived at with certainty from the material in the possession of the German Government for itself and without further knowledge of the circumstances connected with the torpedoing of the *Sussex*, the more so as, apart from the points enumerated in the note of the 10th ultimo, the following facts had come to the attention of the Admiralty Staff of the navy through reliable information:

March 24 1916, approximately at the same time as the *Sussex*, an auxiliary warship left the port of Folkestone with a large transport of British infantry on board. On the same day a transport steamer was torpedoed in the Channel. A few minutes preceding the explosion on the *Sussex* she had passed through a mass of ship wreckage, which created the impression that a ship had sunk at that spot shortly before. All these facts justified the conclusion that the only case of torpedoing which could be considered under the circumstances had struck the British war vessel, whereas the *Sussex* had met with an accident in some other way.

However, on the basis of the American material the German Government cannot withhold its conviction that the ship torpedoed by the German submarine is in fact identical with the *Sussex*, for in accordance with this material the place, the time and the effect of the explosion by which the *Sussex* was damaged agree in the essential details with the statements of the German commander, so that there can no longer be any question of the possibility of two independent occurrences. An additional reason is constituted by the fact that officers of the American navy found fragments of an explosive in the hold of the *Sussex* which are described by them upon firm grounds as parts of a German torpedo.

Finally, the counter evidence which was deduced in the note of the 10th ultimo from the difference in appearance of the vessel described by the submarine commander and the only reproduction of the *Sussex* then available has proven to be untenable, inasmuch as according to a photograph of the damaged *Sussex* now to hand the characteristic distinctions no longer existed at the time of the accident, while the *Sussex* in the photograph of my "Daily Graphic" inclosed in the note only carried one mast, and also showed the white gangway customary on passenger vessels on the level with the portholes, O. W. S.; the reproduction of the damaged *Sussex* shows a second mast and a uniform dark color, and thus approaches in her outer appearance the description of the vessel as furnished by the submarine commander.

In view of the general impression of all the facts at hand the German Government considers it beyond doubt that the commander of the submarine acted in the bona fide belief that he was facing an enemy warship. On the other hand, it cannot be denied that, misled by the appearance of the vessel, under the pressure of the circumstances he formed his judgment too hurriedly in establishing her character, and did not, therefore, act fully in accordance with the strict instruction which called upon him to exercise particular care.

In view of these circumstances the German Government frankly admits that the assurance given to the American Government, in accordance with which passenger vessels were not to be attacked without warning, has not been adhered to in the present case. As was intimated by the undersigned in the note of the 4th instant, the German Government does not hesitate to draw from this resultant consequences. It, therefore, expresses to the American Government its sincere regret regarding the deplorable incident, and declares its readiness to pay an adequate indemnity to the injured American citizens. It also disapproves of the conduct of the commander, who has been appropriately punished.

Expressing the hope that the American Government will consider the case of the *Sussex* as settled by these statements, the undersigned avails himself of this occasion to renew to the Ambassador the assurance of his highest consideration.

VON JAGOW.

It is understood that the State Department will seek from Ambassador Gerard information as to the nature of the punishment suffered by the commander of the submarine which torpedoed the *Sussex*.

NEW YORK CHAMBER OF COMMERCE ON RURAL CREDIT LEGISLATION.

A resolution in which the Chamber of Commerce of the State of New York expressed itself as opposed to any method of agricultural banking in the United States which requires the use of Government funds or the use of any postal savings deposits in any rural banking project, or any legislation exempting from taxation any particular class of obligations, was adopted at the annual meeting of the Chamber on the 4th inst. The resolution was contained in the following report of the Committee on Finance and Currency:

The Committee on Finance and Currency has been at work during the past several weeks to ascertain the status of the rural credit movement at home and abroad.

Under existing conditions American agriculture calls for two classes of credit—long-term mortgage loans and short-term credit loans. The former of these has hitherto been met largely by trust companies, savings banks, life insurance companies and other banking agencies not directly identified with agriculture. The Federal Reserve Act makes provision for five-year loans on farm lands. Short-term loans have generally been provided by the national and State banks and trust companies.

As a branch of national industry, agriculture must compete with manufacturing, transportation, commerce and trade for the available supply of credit resources. It is claimed that farming interests in this competition have long labored and still labor under the handicap of having to pay more for their capital in the development of rural resources than other branches of enterprise pay. This inequality of condition, it is declared, is to no small extent responsible for the tendency to abandon the cultivation of the soil and to crowd into cities, causing one of the menaces of the age.

This is the broad social basis of the demand for a distinct type of banking suited to meet actual rural needs on an economical basis as practicable, consistent with safety and efficient service; therefore, be it

Resolved, That the Chamber of Commerce of the State of New York regards the rural credit movement in the United States as having reached the point at which provision should be made for agricultural banking as a distinct field for the employment of capital and credit; that such legislation should take into account what existing institutions have done and are doing, and should aim at developing among farming interests the capacity for co-operative credit associations in district groups, suited to the different parts of the country and all subject to the conservative guidance and control of Federal authority; and be it further

Resolved, That the Chamber of Commerce of the State of New York opposes any method of agricultural banking in the United States which requires the use of Government funds or the use of any postal savings deposits in any rural banking project, or any legislation exempting from taxation any particular class of obligations.

Jacob H. Schiff, arguing at the meeting that the farmers should be accorded the same benefits as commercial and industrial interests received under the Federal Reserve Act, urged that the resolution, in so far as it expressed the opposition of the Chamber against legislation in behalf of agricultural banking requiring the use of Federal funds be modified. While expressing himself in sympathy with some form of legislation which would extend aid to the agricultural interests Mr. Schiff indicated his disapproval of any bill which would tie up the Government funds in investments not readily convertible; in criticism of the Hollis bill, now before Congress, Mr. Schiff was quoted in the "Times" as saying:

The bill provides for authorization to the Secretary of the Treasury to subscribe a certain amount—I believe \$6,000,000—to the capital of a proposed agricultural credit bank. It also proposes to give authority to the Secretary of the Treasury to deposit annually \$6,000,000 with subsidiary banks, which they may use for rural credit. Now we all know that a provision is unsound, if not vicious, to deposit Government funds in banks at the rate of \$6,000,000 a year, which might run up to \$60,000,000 in ten years—to deposit Government funds in banks that are going to invest it in agricultural mortgages where they cannot get their money when the Government calls for it. We might have a case similar to what occurred in the time of Andrew Jackson when he called for deposits from the United States banks and they could not pay because the money was invested in the commerce of the country. The consequence was the terrible panic of 1837.

ANTHRACITE WAGE AGREEMENT SIGNED.

The anthracite wage agreement which was ratified at the convention of the United Mine Workers' of America at Pottsville, Pa., on the 4th inst., was signed at Philadelphia on the 5th by representatives of the operators and miners in the office of W. J. Richards, President of the Philadelphia & Reading Coal Co.

GREAT BRITAIN TO PUT CLOCKS AHEAD.

The House of Commons on the 8th inst. by a vote of 170 to 2 adopted the motion of Sir Henry Norman for the saving of fuel and light by setting the clocks ahead one hour. If the bill which the Government will introduce passes all stages promptly, the measure will go into effect at midnight, May 20, when the clocks will be advanced one hour. According to Sir Henry Norman, the saving in lighting alone would reach £2,500,000 (\$12,500,000) yearly. Herbert L. Samuel, Home Secretary, speaking for the Government, said that an enormous saving in coal, which is greatly needed by the Allied Powers could be effected under the measure. The bill, he added, would be operative only for the duration of the war, so that afterward the question could be reconsidered in the light of experience. He suggested that the normal time be restored Sept. 30.

The London Stock Exchange and the Liverpool Cotton Exchange, which objected to the daylight saving plan, have, it is understood, withdrawn their objections. A movement to secure the co-operation of the American cotton, wheat and provision merchants with a view to splitting the difference in time arising from the daylight saving plan, has been started in London. It is proposed that the New York, New Orleans and Chicago markets shall open half an hour earlier and that Liverpool shall close a half hour later. Although the matter has attracted the attention of financial and business interests in New York, no action toward the adoption of the proposal has been taken.

A dispatch to the "Exchange Telegraph" from Copenhagen says the Danish Minister of Instruction has introduced in the Folkething a daylight saving bill which, if passed, will be effective May 15 and extend to Sept. 30. The correspondent adds that Norway and Sweden also have decided to put into operation a daylight saving law on the same date. Reference to the action of Germany, Austria and other countries which have adopted the daylight saving plan was made in these columns last week.

THE SITUATION IN IRELAND.

The latest, and what was supposed would be the last, execution in connection with the late uprising in Ireland was announced from Queenstown on the 11th, Thomas Kent, of Coole, having been reported court-martialed and shot at Fermoy, County Cork. This was the first execution outside of Dublin. Late reports yesterday, however, announced the execution of James Connolly and S. McDiarmid, both signers of the proclamation establishing an Irish republic. On the date of the announcement of the Kent execution it was also made known that F. Sheehy Skeffington, editor of the "Irish Citizen," with two other persons, had been executed in the Portobello barracks in Dublin on April 26, without the knowledge of the military authorities, and before martial law was in operation. The officer concerned in the execution has, it is said, been arrested and will be court-martialed. It was stated from Dublin on the 6th inst. that Major John McBride, one of the leaders in the Irish uprising, had been executed. Major McBride, who was the eighth rebel to be shot, fought against the British with an Irish brigade in the Boer war. Two other rebels, Thomas Hunter and William Cosgrave, who were sentenced to death with McBride, had their sentences changed to imprisonment for life. The Countess Georgina Markievicz, one of the most prominent figures in the revolt, who was sentenced to death, had her sentence commuted to life imprisonment. According to an official statement from London on the 8th inst., four more Irish rebels, in addition to those already mentioned in these columns, paid the extreme penalty for their part in the revolt. They were Cornelius Culbert, Edmund Kent, Michael Mallon and J. J. Heuston. Nineteen others who took part in the insurrection were sentenced to death, but had their sentences commuted to various terms of imprisonment. Prison terms were imposed on three other prisoners and two were acquitted. According to an official announcement from Dublin on the 8th inst., James M. Sullivan, the former American Minister to Santo Domingo, was released from custody about the 6th inst.

It was indicated on the 7th inst. that the United States Government would take no action toward obtaining clemency for Sir Roger Casement, who was captured while attempting to land arms in Ireland from a German vessel, and is now confined in the Tower of London awaiting trial on the charge of high treason. Mrs. Agnes Newman, a sister of the nobleman, was on the 6th inst. informed of this decision. Mrs. Newman with Michael Francis Doyle, a Philadelphia lawyer, petitioned the State Department to take measures in behalf of Sir Roger. Mr. Doyle had interviews with Frank L. Polk, counsellor of the State Department and Acting Secretary of State, and Sir Cecil Spring-Rice, the British Ambassador.

In reply to a question put to him in the House of Commons on the 11th, Harold J. Tennant, Parliamentary Under Secretary for War, stated that fourteen persons had up to date been put to death for their part in the Irish uprising; seventy-three other persons received sentences of penal servitude, and six of imprisonment at hard labor. He also said that two others had been sentenced to death, but the sentences had not been carried out. The number of prisoners deported from Ireland is given at 1,706.

Premier Asquith on the 11th inst. left London for Dublin in order, it is said, to deal with the threatened reaction of sympathy towards the Irish rebels because of the Government's stern measures of repression. It is expected that he will give new instruction to General Maxwell with regard to the future policy which the military authorities must pursue, and it is also said that the Premier will sound Irish opinion as to the possibility of a compromise on the Home Rule question.

Lewis Harcourt, First Commissioner of Works, who, it was reported on the 7th inst., had been named to succeed Augustine Birrell as Chief Secretary for Ireland, has declined the post on account of ill health. Sir Robert Chalmers, Governor of Ceylon, has been appointed as Under Secretary for Ireland to succeed Sir Matthew Nathan, who resigned his post simultaneously with Mr. Birrell.

Dispatches from London of the 10th inst. report that Baron Wimborne, Lord Lieutenant for Ireland, has resigned, and also that a commission has been appointed, headed by Lord Hardinge, to investigate the causes of the uprising in Ireland. A demand for a special session of the House of Commons to discuss the executions and the issuance by John Redmond of an important manifesto denouncing the rebellious movement and urging Ireland to secure self-government by constitutional means only, has been granted. The Parliamentary Party's manifesto to the people of Ireland says in part:

Another tragedy has been added to the long tale of tragedies of Irish history. The capital of Ireland has been the scene of a mad and unsuccessful attempt at revolution. Blood has been shed freely. It is true that Ireland has been bitterly provoked by the growth of a similar revolutionary and illegal movement in another part of Ireland, backed by an army in revolt. It is true that the grave responsibility for these events in Dublin rests upon the leaders of that movement. These things will have to be discussed at the proper time.

It is true that Ireland has been shocked and horrified by a series of military executions by the military tribunals in Dublin. These things have been done in the face of incessant and vehement protests of the Irish leaders and these protests will be pressed continually and strongly until the unchecked control of the military authorities in Ireland is abolished. But it is also true that, in spite of bitter provocations, the people of Ireland have had no hesitation in condemning the rising in Dublin as a dangerous blow at the heart and hopes of Ireland.

On the morrow of this tragedy we feel called upon to make a solemn appeal to the people of Ireland to draw the conclusions which these events force upon them. We must leave no misunderstanding in their minds as to our convictions and our resolves. Either Ireland is to be given over to unsuccessful revolution and anarchy, or the constitutional movement is to have the full support of the Irish people and go on until it has completed its work.

SINKING OF THE CYMRIC.

Announcement of the sinking of the White Star liner Cymric with a large cargo of war munitions, at 3 o'clock in the morning of the 9th inst., was received in dispatches from London on that date. The vessel had been reported as torpedoed on the 8th off the southwest coast of Ireland. According to American Consul Frost at Queenstown, five of her crew of 107 were killed by the explosion. The Cymric, it is stated, had no passengers or Americans on board. It is reported that the survivors were landed at Bantry, Ireland. The officers of the vessel, who declare that it was sunk without warning, claim to have seen a submarine, which disappeared immediately after discharging the torpedo. A denial of the report that the Cymric was in the service of the British Admiralty was given out on the 9th inst. by the White Star Line. The statement asserts that "Since December 1914 the Cymric has been regularly employed in the New York-Liverpool service of the White Star Line and operated solely on account of her owners. She carried no guns and was simply an ordinary merchant steamer carrying cargo between New York and Liverpool." The Cymric left New York for Liverpool on April 29. In addition to other war supplies, she carried a large consignment of copper the value of which is estimated at \$500,000. According to an authority on insurance, little of the vessel's cargo had been insured here, as the British Government, to whom all the goods were destined, carried the insurance in its own War Risk Bureau.

OFFERING OF HUNGARIAN NOTES.

An offering of Royal Hungarian 5% Treasury Notes, tax-exempt, due Oct. 1 1918, was made by Zimmermann & Forshay last week. The total amount of 150 million marks was purchased by banks and bankers in Germany from the Royal Hungarian Government. The notes were offered at \$187 50 per 1,000 mark and accrued interest. A return to the normal rate of exchange prior to the maturity of the Treasury Notes would yield a profit, it is claimed, of about \$50 on each 1,000 marks.

SENATE APPROVES ASSIGNMENT TO UNITED STATES OF RITTMAN GASOLINE PATENT.

The Senate on the 1st inst. passed a joint resolution authorizing the Secretary of the Interior to accept the assignment of the Rittman patent for improvements in the manufacture of gasoline. The resolution reads as follows:

Resolved, &c., That the Secretary of the Interior be, and he is hereby, authorized to accept as trustee for the use and benefit of the people of the

United States assignment from Walter F. Rittman of his entire right and title, or of any lesser interest, in, to, and under any letters patent of the United States which may be granted to said Rittman under applications Nos. 29019 and 29020 for patents for certain improvements in the manufacture of gasoline, benzene, toluene, &c., in so far as said applications or the letters patent issued thereunder cover and embrace the manufacture of such products from materials produced and manufactured within the United States, and the said Secretary of the Interior, or his successors, is hereby authorized to grant such licenses and take such steps as may be necessary to make such processes available to the people of the United States: *Provided,* That the Secretary of the Interior shall also be authorized to accept the assignment of any right, title or interest in or to any patent issued upon any device, improvement, process, equipment, apparatus, or other matter or thing developed by any licensee in the use of the said Rittman processes.

Sec. 2. That the Secretary of the Interior is authorized to perform any and all acts and to make such rules and regulations as may be necessary to carry this resolution into effect.

ALLEGED BOMB PLOTTERS PLEAD NOT GUILTY.

Eight of the nine alleged bomb plotters who were named in indictments charging them with having conspired to destroy vessels carrying supplies to the Allies, appeared for pleading on the 5th inst. before Judge Howe in the Federal District Court in New York. The ninth person, namely Dr. Walter Scheele, has not as yet been apprehended. The others, as noted in our issue of Saturday last, are Captain Otto Wolpert, Captain Enno Bode, Captain E. W. A. Charles von Kleist, Ernest Becker, Wilhelm Parades, George Praedel and Friedrich Karbade, or Garbade, and Carl Schmidt. Captains Bode and Wolpert, after pleading not guilty, were put under bonds of \$25,000 each, which were furnished. After entering the same plea Carl Schmidt was put under \$15,000 bail; the bonds were later reduced to \$10,000, that sum being furnished by the defendants; the other defendants, after also pleading not guilty, were held in bonds of \$5,000 each. James A. Beha, attorney for some of the defendants, in making application for the reduction of the bail, said: "The Hamburg-American Line will not put up bonds for these men, even though they have been employed by the line for thirty years. The company takes the attitude that if the men are found guilty, it wants nothing to do with their cases."

In connection with the plot to blow up the Welland Canal, Captain Hans Tauscher, the husband of Madame Gadski, was arraigned for pleading on the 5th inst. under the superseding indictment handed down on the 3d inst., which charges him with having engaged in the plot to blow up the Canal, with Captain Franz von Papen, the recalled German Military Attache, his Secretary, Wolf von Igel, Horst von der Goltz, alias Bridgman Taylor, and Alfred A. Fritzen and Constantine Covani. After pleading not guilty through his counsel, Captain Tauscher was put under \$25,000 bail, which was furnished.

On the 8th inst. Carl A. Luederitz, German Consul in Baltimore, was indicted by a Federal Grand Jury in New York on the charge of having helped to obtain a passport for Horst von der Goltz.

A new indictment was also handed down this week by the Grand Jury in New York against Wolf von Igel, former Secretary of Captain Franz von Papen; Dr. Walter T. Scheele, President of the New Jersey Agriculture & Chemical Co., and Gustave Steinberg. The indictment is said to charge them with having been concerned in a conspiracy to defraud the United States by shipping oil to Germany via Sweden by falsely listing it in the manifest as fertilizer.

SENTENCES IN CASES ALLEGING CONSPIRACY TO BLOW UP SHIPS.

Judge Howe in the Federal District Court (New York) on the 9th inst. sentenced Robert Fay, Walter Scholz and Paul Daeche to eight, four and two years, respectively, in the Federal penitentiary at Atlanta. The three Germans, who were accused of having conspired to blow up munition ships by means of a bomb said to have been invented by Fay, were found guilty by the jury on the 8th inst. after a trial lasting about two weeks. They had been indicted under sections 296 and 298 of the United States Criminal Code.

In giving lesser punishment to Scholz and Daeche, Judge Howe said that as these two men had not originated the conspiracy they should not receive the maximum punishment. Daeche, immediately after the court adjourned, was granted a writ of error and released on his standing bail of \$25,000. It is said that writs probably will be granted to the other two defendants. Three others indicted in the alleged conspiracy, Max Breitung, Dr. Herbert Kienzle and Englebert Bronkhorst, will be tried separately.

BRITISH MINE FIELD EXTENDED.

Notice of the extension of the British mine field off the Belgian coast was received on the 4th inst. by Secretary of State Lansing in a telegram from the American Ambassador at London, giving the text of the British circular in the matter as follows:

The Secretary of State for Foreign Affairs presents his compliments to the United States Ambassador and has the honor to acquaint him, for the information of the United States Government, that it has been found necessary to extend the eastern limit of the danger area of the British mine field off the Belgian coast, notified on the 22d October, 1914, so as to include the waters south of latitude 51 degrees 40 minutes north as far as the meridian of 3 degrees 20 minutes east, instead of 3 degrees east, as previously notified. Sir E. Grey would remind Dr. Page that the danger area as notified on the 2d October, 1914, comprised that situated between latitude 51 degrees 15 minutes and 51 degrees 40 minutes north and longitude 1 degree 35 minutes east and 3 degrees east.

GREAT BRITAIN'S BLOCKADE MEASURES AND MAIL EXAMINATIONS—ZAMORA AND ALWINA CASES.

Several announcements dealing with the administration of Great Britain's blockade measures were made by Lord Robert Cecil, Minister of War Trade on the 5th inst. One of the announcements relate to a change in the method of examining the mails which had been decided upon in an effort to meet the complaints of delay in transmission of documents made by shippers in neutral countries. The Government has prepared a plan whereby such documents will be placed in a separate mail bag. According to Lord Robert, no guarantee will be given that this bag will not be opened, but shippers will be assured that it will be examined in time to go with the ship on which it is mailed. The details of providing the bag and facilities for its use will be left to the judgment of the neutral shippers concerned.

Lord Robert also made known on the same day that a prize court had granted an appeal to the owners of the Swedish steamer Zamora. The Zamora's cargo of copper was held for the Prize Court last June, and was later requisitioned by the British Government. The President of the Prize Court granted the right of appeal to owners of the copper. The Judicial Committee of the Privy Council also granted the appeal and reversed the decision of the Prize Court in holding the cargo.

On the 5th also the Dutch steamer Alwina was ordered by a Prize Court to be restored to its owners because her cargo although destined for Germany, was not delivered there. The Crown brought forward evidence that when she was seized off Falmouth she was on her way back to port after an attempt to supply coal to the German cruisers in the Pacific. The vessel actually disposed of her cargo of coal to a British firm after the German fleet had been defeated off the Falkland Islands. The Prize Court decided that although she had carried contraband and had false papers, as she had not delivered the coal to the enemy, she was free from liability.

In indicating the likelihood of a change in the early Orders in Council, Lord Robert stated that as a result of the decision in the case of the Zamora, his department and others concerned with the administration of blockade measures were considering the possibility of being compelled to re-adjust various Orders in Council to make them correspond with the doctrine set forth by the Judicial Committee of the Privy Council. Lord Robert is, however, quoted in the "Sun," as saying:

These alterations will not affect the actual methods of blockade, but it is a question whether it is worth while to maintain the various orders if the courts hold they cannot contravene the prize court laws.

GREAT BRITAIN YIELDS IN CHINA DISPUTE.

On the 5th inst. advices from London stated that the British Government had decided to release the 38 Germans, Austrians and Turks taken from the American steamship China, by the British auxiliary cruiser Laurotic while the former vessel was on her way to San Francisco from Shanghai last February. The United States made two requests to Great Britain for the release of the men taken from the China. As noted in our issue of April 22 the United States in its protest stated that as it was not understood that these men were "incorporated in the armed forces of the enemies of Great Britain, the action of the Laurotic must be regarded by this Government as an unwarranted invasion of the sovereignty of American vessels on the high seas." In its note to the United States claiming justification for its action in seizing the men Great Britain contended that they were engaged in intrigues and plots against the British Government and having been discovered, were fleeing to Manila, where they intended to continue their efforts, which

would have embarrassed the neutrality of the United States. Following the receipt of this note from Great Britain the United States on April 27 forwarded to Ambassador Page at London the second demand for the release of the men. The attention of the British authorities was called to the fact that the Germans and Austrians, who were on the way to Manila, would have been compelled to transship at Nagasaki, where England's ally, Japan, could have detained them, and that therefore their seizure from the China was not only unjustifiable, but unnecessary. It is stated that Great Britain's reply, which has not yet been received, will be constructed so as not to admit the general right of belligerents to enjoy the protection of a neutral flag. Although Great Britain admits herself wrong in the light of the facts incorporated in the American remonstrance, it is said that the reply will be of such a nature that no general precedent will be established. It was held by the State Department that the case is a parallel to the famous Trent affair.

INFORMATION ABOUT CHINA.

The Guaranty Trust Co. of this city has issued a pamphlet dealing with "Information about China," in the preparation of which the Chinese Legation at Washington has substantially assisted. In setting out detailed information on the foreign trade of the country, its shipping, manufacturing, mineral production, &c., &c., the pamphlet says:

In our opinion, the next few years may bring about among our people a new and much more powerful interest in China.

With 400,000,000 inhabitants and only 6,000 miles of railway; with cities like Canton, Peking, Hankow and Tientsin, whose populations range from 850,000 to 1,250,000; with only about 600 factories in the entire empire; with untold natural wealth in minerals, foodstuffs and raw materials for textile manufacturers; with cheap, industrious, intelligent labor; with great inland waterways, with a long seacoast and with almost every variety of climate;—with all these possibilities and advantages, it seems certain that the real development of China must soon commence and that in that development our manufacturers and contractors and engineers and bankers must share or else miss one of the greatest opportunities of their time.

CANADA NOT TO SEARCH LAKE VESSELS.

A telegram from Secretary of State Lansing giving assurance that the Canadian Government does not intend to exercise the right of search on vessels stopping at Canadian Lake ports, has been made public by William Livingstone, President of the Lake Carriers' Association. The telegram quotes a message from the American Consul-General at Ottawa, as follows:

I am informed by the Canadian Department of External Affairs that these regulations are not applicable to river and harbor ports and that any instructions that have been issued in that behalf have been canceled. The Department states, however, rule for such removal from neutral vessels will be enforced at all sea ports.

Reference to reports that the Canadian Government intended to search American ships plying the Great Lakes and entering Canadian ports for subjects of Great Britain's enemies was made in these columns April 22.

BRAZIL BEGINS INQUIRY INTO SINKING OF STEAMER RIO BRANCO.

Advices from Rio Janeiro of the 4th inst. stated that the Brazilian Government had notified the German Legation that it had ordered an immediate inquiry into the cause of the sinking of the Brazilian steamship Rio Branco, announcement of which was made on the 2d inst. The Rio Branco was owned by the Amazon Steam Navigation Co. of Para. Her crew is reported to have been landed at Blyth on the English coast. The Brazilian newspapers have vigorously denounced the sinking of the vessel, which, it is claimed was caused by a torpedo. The "Journal de Commercio," in suggesting co-operation with the United States, says:

It is our imprescriptible duty to react against these degrading crimes. The whole of America ought to reinforce the action of the United States. To leave the United States to act alone would be equivalent to the collapse of the Pan-American idea. Germany would be obliged to capitulate before the unanimous protestation of the peoples against her manner of making war.

The name Rio Branco symbolizes all the noble principles of high diplomacy and international law. The German torpedo has injured these principles more than the ship. Our duty is to protest against brutal and unjustifiable crime, like the United States, with which we ought to unite absolutely.

In replying to the notification of the Brazilian Government, the German Minister on the 10th inst. informed the Chancery that his Government undoubtedly would willingly receive any communication on the subject addressed to it by Brazil. At the conclusion of the official inquiry, according to the reports from Rio de Janeiro, Brazil will present a demand for indemnity to Berlin.

DOMINICAN PRESIDENT RESIGNS.

In order to prevent armed intervention by the United States, General Jimenez has resigned as President of Santo Domingo. Congress will appoint a provisional President. American marines were landed at the Dominican capital on the 5th inst. to protect the American Legation, following the breaking out of hostilities in the attempt to overthrow President Jimenez. William W. Russell, the American Minister, on the 7th gave notice that armed intervention would follow within seventy-two hours unless the opposing factions ceased hostilities. Although quiet is reported to have been restored on the 7th, more American marines, fully equipped, are said to have been landed on the 8th inst. on the outskirts of the city. On the latter date advices from Washington stated that Rear-Admiral Caperton reported that General Arias, leader of the movement to depose President Jimenez, had surrendered Santo Domingo city. The Australian cruiser Melbourne and the American collier Hector arrived at Santo Domingo on the 9th. The situation on that day was said to have improved.

HAITIAN CABINET RESIGNS.

Advices received from Port-au-Prince, Haiti, on the 4th inst. announced the resignation of the Haitian Cabinet and the registering by Parliament of a protest to the United States Government and Congress against this action, which is declared to be in violation of the rights of the legislative branch of the Government. The controversy with the Haitian Parliament arose over the course to be taken with regard to the framing of a new constitution to conform with the treaty between Haiti and the United States. President Dartiguenave, of Haiti, with his Cabinet, according to a dispatch from Port-au-Prince on April 29, threatened to resign if the Deputies and Senators declined to abide by the Presidential decree dissolving the Senate, and persisted in continuing to assume legislative powers instead of meeting merely as a body designated to frame the new constitution. The decree dissolving the Senate is said to be held valid by Rear Admiral Caperton, commanding the American forces in Haiti.

A bill authorizing and empowering officers and enlisted men of the Navy and Marine Corps to serve under the Haitian Government for the training of the constabulary and other duties was, on the 4th inst., passed by the House of Representatives at Washington by a vote of 239 to 53, all the opposition votes being Democrats.

DISCUSSIONS AT PAN-AMERICAN CONGRESS AT BUENOS AIRES.

Leading South Americans coincide with Secretary of the Treasury McAdoo in the view that the quick development of a merchant marine under an American flag and the completion of a Pan-American railway are the most important factors to be considered in plans for a closer unity among Americans; this assertion is contained in a statement issued by Secretary McAdoo on the 4th inst., on which date he and other members of the United States section of the International High Commission reached Washington after a two-months' absence in South America, where they had journeyed to participate in the Pan-American Conference at Buenos Aires last month. A brief announcement regarding the meeting was issued by the Treasury Department on April 13 and was referred to in these columns April 15. In his statement regarding the conference, issued with his return to Washington, Secretary McAdoo said:

I had the honor and privilege of meeting and conversing with the Presidents of Brazil, Uruguay, Argentina, Chile, Peru, Panama, Cuba and Haiti, and I also met many of the leading statesmen of South America, with whom I discussed questions of national interest. Everywhere I found an earnest desire to strengthen commercial, financial and political relations with the United States, and everywhere we went there was a genuinely friendly attitude and a complete absence of that suspicion and distrust of the United States which has, until recently, existed to a greater or less degree in some, at least, of our Central and South American countries. This is a very fortunate development. It is due primarily to the policies and utterances of President Wilson and to the suggestions made by the United States for mutual guarantees of the territorial integrity and political independence of all of the American Republics.

Every leading statesman in South America with whom I talked emphasized the paramount importance of a merchant marine under the flag of the United States, or under the flags of the different American nations, if American financial and commercial relations are to be enlarged upon an enduring foundation. The hope was expressed in every country and was voiced in the resolutions unanimously adopted by the International High Commission that the United States will promptly solve this pressing problem, and there was frank recognition that the United States alone has the financial resources to do so.

Another question of great importance is the completion of the inter-continental railway connecting North and South America through the

Isthmus of Panama. Outside of ocean transportation, no other undertaking is more essential to the full development of North and South America than the construction of this great railroad. It is not a visionary idea; it is a very practical idea, and one that can be realized at much less cost than the Panama Canal.

The total distance between New York and Buenos Aires by rail is 10,300 miles, of which approximately 7,400 miles have been built and are now in operation, leaving approximately 2,900 miles to be constructed. The principal gaps in the intercontinental railway are in the countries of Central America and in Colombia, Ecuador and Peru, in South America, and the estimated cost of construction is, roughly speaking, \$150,000,000. With these links completed, it would require only a relatively small amount of additional construction to connect the main trunk line with Santiago, Chile, and Rio de Janeiro, Brazil, and then practically all the principal capitals of Central and South America will be connected with each other and with all the cities of the United States. "All aboard for Buenos Aires," when shouted in the railroad stations of New York City, will be a thrilling announcement. Some day, and in the not remote future, this announcement will be heard.

The sessions of the International High Commission began in Buenos Aires April 3 and ended April 13. One of the fundamentally important things agreed upon was the permanent organization of the International High Commission. Washington was selected as the headquarters for the next two years, and a central executive committee was created whose duty it is to co-ordinate and carry on the work of the Commission.

The Commission adopted a resolution recommending that a Pan-American financial conference, so as to bring together the Ministers of Finance of all countries, be held every two years, and agreed upon the city of Washington as the place for the financial conference of 1917.

The conference declared in favor of exclusive control by the various Governments of wireless telegraphy, it being recognized that it was essential to the security and protection of the various States that this new science should be under the control of their respective Governments. A conference of wireless experts of the different countries was recommended to be held in Washington in the near future.

The conference also declared in favor of the policy of connecting the telegraph system of the various South American countries, improving the service and establishing a system of more uniform and equitable rates. It was recognized that the telegraph service through South America could be immensely improved by co-operation between the different Governments. The conference declared for increased cable communications at more reasonable rates, it being recognized that the insufficient cable service between North and South America and the high rates prevailing are a serious handicap upon commerce and intercourse.

While it was recognized that the adoption of a uniform gold standard in all of the Central and South American countries, especially under existing conditions, was impossible at this time, nevertheless, a great step forward was taken when the conference approved and recommended to the various Governments the adoption of a standard unit of money of account and recommended that this unit should be based on a gold coin of .33437 gram in weight and .900 fine. This unit is exactly one-fifth of the gold dollar of the United States, and if adopted by the various States as a money of account will provide a uniform basis of account for transactions between all of the Latin American countries and North America.

Moreover, it offers a basis likely to be adopted for the actual coinage of gold by the various countries when and as they find themselves able to put into effect a gold currency system of their own, in which case all such American gold coins would be of the same fineness and would be in simple multiples of the United States dollar; and this new Pan-American coin and the United States dollar would circulate freely throughout the United States and such other American nations as adopted the standard. There are so many recognized advantages in this uniform money of account and interchangeable gold coins that it is not worth while to enumerate them here.

In this connection, another admirable idea put forward by Messrs. Warburg and Kalns, and recommended by the conference for careful study, was the suggestion for gold trust funds between the different American States similar in some respects to the gold clearance fund maintained by the Federal Reserve banks at Washington and administered by the Federal Reserve Board. If such international gold trust funds can be established, it will prove of the greatest convenience and assistance to commerce, saving unnecessary transfers of gold in settlements of balances, with all the attendant loss and expense. Treaties would, of course, be necessary to bring about this result. The matter will be followed up by the central executive committee.

The Conference approved the idea of encouraging banks of each country to establish branches, or to take an interest in banks operating in other countries for the purpose of facilitating commerce and exchanging accurate credit information, and it recommended legislation for the protection of merchant creditors.

Notable progress was made toward securing uniformity between the laws of the various countries, especially with respect to bills of exchange.

Substantial progress was also made toward securing uniformity in the laws relating to patents, trade marks and copyrights among the Pan-American countries. An important addition to the copyright convention was recommended, the effect of which will be to create monthly exchanges between the various countries of the copyrights registered in each country.

Senator Fletcher represented the United States on the committee which considered improved postal facilities.

The Conference approved the recommendation for a Pan-American postal union, which would in turn co-operate with the existing international postal union, whose headquarters are Berne, Switzerland, and recommended that an early meeting of postal experts be held in Montevideo for the purpose of going carefully into these important postal questions.

The Conference approved, with slight modifications, the uniform nomenclature agreed upon at Brussels for uniform classification of merchandise for the purpose of commercial statistics and the use of the standard monetary unit of account recommended by the committee on banking. As the uniform classification of merchandise for statistical purposes is a matter of administrative regulation in each country and does not require new laws, it is believed that the recommendations of the Conference can be carried into effect in the near future.

The Conference recommended that custom house entries be simplified and the requirements made uniform and that port dues be limited to reasonable charges for services actually rendered to vessels. The arbitration of commercial disputes between citizens of the Pan-American countries through their respective commercial bodies was given a distinct impetus on the lines of the agreement reached between the Chamber of Commerce of the United States and the Buenos Aires Chamber, which was formally approved by the Conference.

The Conference earnestly recommended the fullest and most systematic study of the mineral resources of all the American republics with a view to uniformity of analysis and classification.

A further statement emphasizing the urgent need for an increase in the ocean transportation facilities between North and South America, was issued on the 7th inst. jointly by Secretary McAdoo and the other members of the United States section of the International High Commission; it said:

The United States Commission does not as a commission assume to say what remedies should be applied by our Government, but they are convinced that there is no more vital question affecting our commerce with the Latin-American countries than that of providing greatly increased shipping facilities.

Without exception, in every country we found the shipping question uppermost in the minds of Government officials, bankers and business men. Practically every business man with whom the members of the Commission discussed conditions emphasized the absolute need of greatly increased ocean tonnage, while the members of the American colonies in the various cities sought every opportunity to impress upon the members of the Commission the importance of action at the earliest moment to improve conditions.

It was pointed out repeatedly that under the normal circumstances preceding the war the operation of many lines to European countries for both passengers and freight, making the trips in less time than steamers plying to the United States, gave Europe a great advantage in the sale of merchandise, not only because of the larger tonnage available and quicker service, but because of the lower freight rates enjoyed. Representatives of the American business houses declared that it would be very difficult to extend American trade with such a handicap.

On the 4th inst. Sir Cecil Spring-Rice, the British Ambassador, apologized to President Wilson for the failure of the British Governor at Trinidad (British West Indies) to accord Secretary McAdoo, Mrs. McAdoo and members of the United States delegation to the International High Commission Conference a proper reception with their arrival in that city. The British Ambassador visited the White House and explained to the President that the seeming slight was due to a misunderstanding among the local officials at Trinidad. The British Governor, it is said, has been newly appointed and was not aware that he should have accorded the Secretary of the Treasury a formal greeting. The explanation closed the incident. The matter attracted attention inasmuch as a recent visit of Colonel Roosevelt to the city was marked by an elaborate demonstration.

PRESIDENT WILSON URGES CONFIRMATION OF LOUIS D. BRANDEIS AS SUPREME COURT JUDGE.

The reopening of the public hearings on the nomination of Louis D. Brandeis as Associate Justice of the United States Supreme Court was ordered by the Senate Judiciary Committee on the 10th inst. The nomination was sent to the Senate by President Wilson on Jan. 28. When the Committee met in executive session last Monday, the 8th inst., to consider the nomination a letter from President Wilson to Senator Culberson, the Chairman of the Committee, urging the confirmation of the appointment, was read; the Committee failed to reach an agreement at the meeting and action was deferred until Wednesday, when the reopening of the hearings was ordered upon motion of Senator Sutherland, who stated that some information had recently come to him in connection with the proposed merger several years ago of the United Cigar Stores Co. and the Riker-Hegeman chain of drug stores, which never was consummated, and on which it is said Brandeis was consulted in an advisory capacity. President Wilson's letter urging confirmation of the nomination was written in reply to a request from the Committee for the reasons which actuated him in naming Mr. Brandeis for the Supreme Court. In his response President Wilson said:

The White House, Washington, May 5 1916.

My Dear Senator.—I am very much obliged to you for giving me an opportunity to make clear to the Judiciary Committee my reasons for nominating Mr. Louis D. Brandeis to fill the vacancy in the Supreme Court of the United States created by the death of Mr. Justice Lamar, for I am profoundly interested in the confirmation of the appointment by the Senate.

There is probably no more important duty imposed upon the President in connection with the general administration of the Government than that of naming members of the Supreme Court, and I need hardly tell you that I named Mr. Brandeis as a member of that great tribunal only because I knew him to be singularly qualified by learning, by gifts and by character for the position.

Many charges have been made against Mr. Brandeis. The report of your sub-committee has already made it plain to you and to the country at large how unfounded those charges were. They threw a great deal more light upon the character and motives of those with whom they originated than upon the qualifications of Mr. Brandeis. I myself looked into them three years ago when I desired to make Mr. Brandeis a member of my Cabinet, and found that they proceeded for the most part from those who hated Mr. Brandeis because he had refused to be serviceable to them in the promotion of their own selfish interests, and from those whom they had prejudiced and misled. The propaganda in this matter has been very extraordinary and very distressing to those who love fairness and value the dignity of the great professions.

I perceived from the first that the charges were intrinsically incredible by any one who had really known Mr. Brandeis. I have known him. I have tested him by seeking his advice upon some of the most difficult and perplexing public questions about which it was necessary for me to form a judgment. I have dealt with him in matters where nice questions of honor and fair play, as well as large questions of justice and the public benefit were involved.

In every matter in which I have made test of his judgment and point of view I have received from him counsel singularly enlightening, singularly clear-sighted and judicial, and, above all, full of moral stimulation. He is a friend of all just men and a lover of the right; and he knows more than how to talk about the right—he knows how to set it forward in the face of its enemies. I know, from direct personal knowledge of the man, what I was doing when I named him for the highest and most responsible tribunal of the nation.

Of his extraordinary ability as a lawyer no man who is competent to judge can speak with anything but the highest admiration. You will remember that in the opinion of the late Chief Justice Fuller he was the ablest man who ever appeared before the Supreme Court of the United States. "He is also," the Chief Justice added, "absolutely fearless in the discharge of his duties."

Those who have resorted to him for assistance in setting great industrial disputes can testify to his fairness and love of justice. In the troublesome controversies between the garment workers and manufacturers of New York City, for example, he gave a truly remarkable proof of his judicial temperament, and had what must have been the great satisfaction of rendering decisions which both sides were willing to accept as disinterested and even-handed.

Mr. Brandeis has rendered many notable services to the city and State with which his professional life has been identified. He successfully directed the difficult campaign which resulted in obtaining cheaper gas for the city of Boston. It was chiefly under his guidance and through his efforts that legislation was secured in Massachusetts which authorized savings banks to issue insurance policies for small sums at much reduced rates.

And some gentlemen who tried very hard to obtain control by the Boston Elevated Ry. Co. of the subways of the city for a period of ninety-nine years can probably testify as to his ability as the people's advocate when public interests call for an effective champion. He rendered these services without compensation, and earned, whether he got it or not, the gratitude of every citizen of the State and city he served. These are but a few of the services of this kind he has freely rendered. It will hearten friends of community and public rights throughout the country to see his quality signally recognized by his elevation to the Supreme Bench. For the whole country is aware of his quality and is interested in this appointment.

I did not in making choice of Mr. Brandeis ask for or depend upon "endorsements." I acted upon public knowledge and personal acquaintance with the man, and preferred to name a lawyer for this great office whose abilities and character were so widely recognized that he needed no indorsement. I did, however, personally consult many men in whose judgment I had great confidence, and am happy to say was supported in my selection by the voluntary recommendation of the Attorney-General of the United States, who urged Mr. Brandeis upon my consideration independently of any suggestion from me.

Let me say, by way of summing up, my dear Senator, that I nominated Mr. Brandeis for the Supreme Court because it was and is my deliberate judgment that, of all the men now at the Bar whom it has been my privilege to observe, test and know, he is exceptionally qualified.

I cannot speak too highly of his impartial, impersonal, orderly and constructive mind, his rare analytical powers, his deep human sympathy, his profound acquaintance with the historical roots of our institutions and insight into their spirit, or of the many evidences he has given of being imbued, to the very heart, with our American ideals of justice and equality of opportunity; of his knowledge of modern economic conditions and of the way they bear upon the masses of the people, or of his genius in getting persons to unite in common and harmonious action and look with frank and kindly eyes into each other's minds, who had before been heated antagonists.

This friend of justice and of men will ornament the high court of which we are all so justly proud. I am glad to have had the opportunity to pay him this tribute of admiration and of confidence; and I beg that your committee will accept this nomination as coming from me, quick with a sense of public obligation and responsibility. With warmest regard,

Cordially and sincerely yours,

WOODROW WILSON.

The Hon. Charles A. Culberson, United States Senator.

The public hearings on Mr. Brandeis's nomination were begun before a sub-committee of the Senate Judiciary Committee on Feb. 9, and were closed on March 8; it was decided on March 13 to reopen the hearings, which, however, were brought to a conclusion on March 15. On April 3 four reports on the nomination were filed with the Senate Judiciary Committee by the sub-committee. Each member of the sub-committee made a report with the exception of Senator Fletcher, who was absent with the McAdoo party in South America. Senator Fletcher, however, left his proxy and his vote was cast in favor of the nomination. Senator Walsh presented a report favoring the nomination, as likewise did Senator Chilton, Chairman of the sub-committee. Senators Cummins and Works filed separate reports, both objecting to the nomination. The recommendation that the Brandeis nomination be concurred in by the Senate was consequently referred back to the full committee by a strict partisan vote of the sub-committee. In accordance with the action taken by the full committee on the 10th inst., hearings were reopened by the sub-committee yesterday, the 12th.

REVISED SHIP PURCHASE BILL.

The Administration's ship purchase bill was introduced in the House this week in amended form by Chairman Alexander of the House Committee on Merchant Marine and Fisheries. The majority report of the Committee was filed by Chairman Alexander on the 9th inst. The provisions of the bill as introduced on Jan. 31 by Representative Alexander were outlined in our issue of Feb. 12. One of the most important particulars in which that bill and the present one differ consists in the limitation in the amended bill of the Governmental operation of vessels to five years after the close of the European war. The bill introduced in January fixed no time limit within which the Government would withdraw

from the shipping business. The provision setting out the time limit which has been incorporated in Section 11 is as follows:

At the expiration of five years from the conclusion of the present European war the operation of vessels on the part of any such corporation in which the United States is then a stockholder shall cease and the said corporation stand dissolved. The date of the conclusion of the war shall be declared by proclamation of the President. The vessels and other property of any such corporation shall revert to the board. The board may sell, lease or charter such vessels, as provided in Section 7, and shall dispose of the property other than vessels on the best available terms and after payment of all debts and obligations deposit the proceeds thereof in the Treasury to its credit. All stock in such corporations owned by others than the United States at the time of dissolution shall be taken over by the board at a fair and reasonable value and paid for with funds to the credit of the board. In case of disagreement such value shall be determined in the manner provided in Section 10.

Section 10 provides that in the event of disagreement as to the fair value, "it shall be determined by appraisers, one to be appointed by the board, one by the person interested, and a third by the two so appointed. The finding of a majority of such appraisers shall be final and binding upon both parties." In the present bill the Shipping Board is made to consist of the Secretary of the Navy, the Secretary of Commerce and five commissioners to be appointed by the President. The bill presented earlier in the year had provided for a board of five, including the Secretary of the Navy and the Secretary of Commerce. The original sum for the acquirement of the ships, \$50,000,000, to be derived from the sale of Panama bonds is retained. An initial appropriation of \$100,000 to meet the expenses of the Board for the fiscal year ending June 30 1917 is asked for. The present bill consists of 35 sections as compared with 14 sections in the bill introduced in January. The additional sections result from the grafting on to the ship purchase bill of a measure made public early last month providing for the regulation by the Shipping Board of carriers by water engaged in foreign and inter-State commerce.

In his report on the bill Chairman Alexander says in part:

It is not claimed for this bill that it provides for an adequate merchant marine in the foreign trade. That need will not be adequately supplied until we have not less than seven to ten million tons of shipping under the American flag engaged in the overseas trade. It will take years of intelligently directed effort to provide such a fleet of merchant ships.

If we would provide foreign markets for the surplus of our factories, mines and farms and would compete on equal terms with foreign nations for such markets, we must provide our own transportation facilities. The warehouse and railroad terminals on our seaboard are congested with commodities for export. Ocean freight rates have increased in many cases to a prohibitive degree, and in other cases vessels are not available at even the enormous rates shippers are willing to pay to move their commodities.

Merchant ships of the Allies in German, Austrian and Turkish ports number 143, of 225,802 gross tons.

The Germans and Austrians have sunk or seriously damaged by submarine attacks 330 merchant ships of the Allies, of 1,065,869 gross tons. German cruisers, mines and explosions have sunk or seriously damaged 179 merchant ships of the Allies of 495,922 gross tons; total casualties, 509 ships of 1,561,791 gross tons.

On account of the war German and Austrian ships are now in port to avoid capture, and except to a small extent on the Baltic are not engaged in trade as German ships. Their location is:

	No.	Gross Tons.
In neutral ports	763	2,877,244
In Allied ports	627	1,420,236
Total	1,390	4,297,480

A considerable number of those in Allied ports are in trade under Allied flags, either having been condemned as prizes or being requisitioned by the Allied Powers.

The Allies have sunk very few German and Austrian merchant ships (54 of 124,018 gross tons, not including a few converted commerce destroyers, cruiser, e. g., Cape Trafalgar and Kaiser Wilhelm der Grosse).

The remainder, aggregating about 2,000,000 gross tons, are in German or Austrian harbors (no account, of course, is taken of Turkish or Bulgarian merchant ships).

Of the German and Austrian ships lying in neutral ports to avoid risk of capture, 95 such ships of 628,837 gross tons are in American ports, and 44 of 217,061 gross tons in Brazil.

On June 30 the merchant shipping of neutral nations numbered 11,400 of 14,427,426 gross tons. Of this number 101 of 146,916 gross tons have been sunk or seriously damaged by submarines, and 114 of 295,723 gross tons sunk or seriously damaged by other war causes. The Allied navies have captured 52 of 98,833 gross tons, and the German navy has captured 469 of a tonnage not stated. Many small vessels captured by both belligerents have been released and some condemned as prizes, but the figures are not at hand.

The number of vessels registered for foreign trade Jan. 1 1916 was 2,913 of 2,000,778 gross tons.

The number of vessels admitted to American registry under Act of Aug. 18 1914 up to May 8 1916 was 180 vessels of 617,183 gross tons.

The number of vessels of all kinds now being built in American shipyards May 1 1916 is 363 vessels of about 1,125,000 gross tons. It is not known how many of these vessels will be registered for the foreign trade, but probably more than 50%.

The provisions of the bill creating a Federal Shipping Board, with power to investigate and report to Congress regarding our navigation laws, and their effect on the development of our merchant marine, and to have full jurisdiction under the law in all matters pertaining to overseas transportation, including the provisions abolishing deferred rebates, and providing for supervision of rates by such Board, with the requirements for filing with the Board schedules of rates and all agreements concerning overseas commerce, have the approval of the Chamber of Commerce of the United States.

We believe this bill should speedily be enacted into law, as it will create a Shipping Board charged with the duty of supervising and fostering our merchant marine. It will provide 700,000 tons of merchant vessels to serve

in the development of our foreign trade; in the event of war, a naval auxiliary manned by a naval auxiliary force. It provides for the reasonable regulation of common carriers by water in foreign and inter-State commerce. It has been framed with the view of encouraging, not to discourage, private enterprise in construction and operation of vessels under the American flag. While shipyards are now busy in new construction, we have good reason to believe their facilities will be increased and a new record set in speed and skill in shipbuilding in American shipyards.

BANKING, LEGISLATIVE AND FINANCIAL NEWS.

The public sales of bank stocks this week aggregate 57 shares, of which 35 shares were sold at the Stock Exchange and 22 shares at auction. One lot of 7 shares of trust company stock was also sold at auction. A sale of 10 shares of First National Bank stock was made at 982—an advance of 76 points over the price paid at the last previous public sale, which was made in November 1915. Four shares of Chatham & Phenix National Bank stock were sold at 219½, which is 9½ points higher than last month's sale price.

Shares.	BANKS—New York.	Low.	High.	Close.	Last previous sale.
4	Chatham & Phenix Nat. Bank	219½	219½	219½	Apr. 1916—210
*35	Commerce, Nat. Bank of	170	170	170	May 1916—169
10	First National Bank	982	982	982	Nov. 1915—906
8	West Side Bank	355	355	355	Oct. 1912—550
TRUST COMPANY—New York.					
7	Title Guarantee & Trust Co.	379	379	379	May 1916—373

* Sold at the Stock Exchange.

William M. Ingraham, former Mayor of Portland, Me., who was named by President Wilson on April 19 as Assistant Secretary of War, took the oath of office on the 8th inst.

Acting under the authority given by the Executive Council at the convention in San Francisco, Robert H. Bean, President, and George E. Allen, Educational Director of the American Institute of Banking have submitted to the National City Bank of New York the name of Charles Leland Getz of Baltimore, Md., who has been accepted for the scholarship in foreign banking offered by that institution to the members of the American Institute of Banking. Mr. Getz became a member of the Baltimore Chapter of the American Institute of Banking in 1913. He became an Institute graduate in May 1915, and was elected President of his Chapter in June of that year.

At the annual election of the New York Stock Exchange on the 8th inst. H. G. S. Noble was re-elected President and C. M. Newcombe was re-elected Treasurer. There was no opposition to the regular ticket. Members of the Governing Committee to serve four years were elected as follows: Winthrop Burr, Herbert T. B. Jacquelin, Henry C. Lawrence, Eugene Meyer Jr., Henry K. Pomroy, S. S. Prince, Edward Roesler, Erastus T. Tefft, James H. Wainwright and Blair S. Williams. Rudolph Keppler was elected trustee of the Gratuity Fund, to serve five years, and H. C. Swords was elected trustee of the Gratuity Fund for a term of one year. The Board of Governors on the 9th re-elected Winthrop Burr Vice-President. The Governing Committee of the Stock Exchange met for organization on the 10th and the following changes in committees were made: Committee on Admissions, Albert H. Marekwald, succeeding E. H. H. Simons; Committee on Commissions, Edward Roesler, succeeding Eugene Meyer Jr.; Committee on Insolvencies, Bayard Dominick, succeeding Albert E. Goodhart; Committee on Quotations, Albert R. Fish, succeeding F. C. De Veau. S. S. Prince was elected to the Committee on Constitution and Newton E. Stout was elected Chairman to succeed Blair S. Williams, who is Chairman of the Committee on Arrangements.

At the annual election of the New York Consolidated Stock Exchange on the 8th inst., M. E. de Aguiro was re-elected President for his fifth consecutive term. No opposition to the regular ticket was made. Others elected were: First Vice-President, W. T. Marsh; Second Vice-President, William S. Silkworth; Treasurer, Marcus Heim; Chairman, Valentine Mott.

A. J. Hemphill, Chairman of the board of the Guaranty Trust Co. of this city, sails for Europe to-day. He will be absent about six weeks.

Joseph B. Martindale, President of the Chemical National Bank of this city, has recently returned to his desk after a severe illness of four weeks. For the past month Mr. Martindale has been convalescing at Nashville and is now in good health.

A special meeting of the stockholders of the Battery Park National Bank at 2 Broadway, this city, has been called for June 5 to act upon the directors' proposition to increase the capital from \$200,000 to \$400,000 and the surplus from \$100,000 to \$200,000. It is proposed to issue two thousand shares of new stock at \$150 per share. The institution has nearly trebled its business in less than a year, deposits rising from \$3,630,142 June 23 1915 to \$9,712,448 May 1, the last bank call. The net undivided profits are \$93,080, and aggregate resources \$10,681,689. E. A. De Lima is President and Edwin B. Day, Cashier.

A transaction looking to the sale of the San Francisco branch of the International Banking Co. to the Anglo & London-Paris National Bank of San Francisco was practically consummated the present week. The negotiations involve the sale of the commercial and savings department only, the International Banking Corporation retaining control of the foreign exchange department. The International Banking Corporation operates the International Bank of this city and sixteen branches throughout the world; the National City Co., which is affiliated with the National City Bank, recently acquired control of the Corporation. The San Francisco branch of the Corporation is the only one operating a commercial department and its deposits aggregate about \$6,000,000. The Anglo & London-Paris National Bank was formed in 1909, being a reorganization of the London-Paris National Bank and the Anglo-California Bank. It has \$4,000,000 capital and deposits of over \$34,000,000.

In the last two months the deposits of the Chatham-Phenix National Bank of this city and its branches show a further large expansion. According to the statement of the bank's condition just published there has been an increase in deposits from \$66,532,507 to \$77,527,650 since Mar. 7 1916, a gain of more than \$11,000,000; loans and discounts from \$48,583,023 to \$55,135,238, a gain of \$6,552,215; cash and exchanges from \$16,716,157 to \$21,006,249, a gain of \$5,290,092. Since Louis G. Kaufman, President of the Chatham & Phenix National Bank became active in the management five years ago, at the time of the merger of the Chatham and Phenix National banks, deposits have multiplied more than five times.

It was announced by the Columbia Trust Co. of this city this week that its deposits on May 1 had crossed the hundred million mark for the first time in the company's history. There are five other trust companies in New York whose deposits exceed this figure. The "Big Six" are the Guaranty Trust Co., the Bankers Trust Co., the Central Trust Co., the Farmers' Loan & Trust Co., the Equitable Trust Co. and the Columbia Trust Co. In order to accommodate its increased business the Columbia Trust Co. has taken over the lease of the store formerly occupied by Weber & Heilbronner on the New Street and Exchange Place corner of its building, and will occupy it in addition to its present quarters after alterations are completed.

The New York agency of the National Bank of Cuba has been absorbed by the Bank of Cuba in New York, which institution was recently organized under the laws of the State of New York with \$100,000 capital and \$50,000 surplus. W. A. Merchant, President of the National Bank of Cuba, is head of the new State institution and J. T. Monahan, New York agent of the National Bank, is Vice-President. The proposed organization of this new bank was referred to in our issue of Dec. 11 1915.

Joseph H. Stoppani, formerly a member of the brokerage firm of Stoppani & Hotchkin of this city which failed in 1914, was convicted of grand larceny by a jury in the Brooklyn Supreme Court on the 6th inst.; he was sentenced on the 7th to a term of from two to four years' imprisonment. Stoppani had been indicted with his partner, Walter B. Hotchkin, on complaint of the late John F. Smith, a retired merchant, who alleged that \$3,000 in cash and \$2,000 in bonds had been intrusted to the firm with an order to buy stock and that this order was never filled. The firm, which at one time was a member of the Consolidated Stock Exchange, made an assignment on May 18 1914 and later a petition in bankruptcy was filed against it.

At a regular meeting of the board of directors of the Nassau National Bank of Brooklyn on the 9th inst., T. Schenck Remsen, formerly Assistant Cashier, was elected Second

Vice-President, and Henry P. Schoenberner, formerly Assistant Cashier, was appointed Cashier in place of G. Foster Smith, who resigned the office of Cashier. Mr. Smith remains as Vice-President. The institution's deposits for May 1st were \$11,557,712; capital, \$1,000,000; surplus (all earned), \$1,000,000; undivided profits, \$134,377; and aggregate resources, \$13,742,089. Daniel V. B. Hegeman is President.

The Marine National Bank of Buffalo, in its report as of May 1 1916, shows deposits of \$66,175,684, an increase of \$20,082,613 over May 1 1915.

The Oneida County Trust Co. of Utica, capital \$250,000, opened for business May 8 in the Second National Bank Building. The institution represents a reorganization of the Second National Bank and will continue that institution's regular banking business with the added facilities afforded through its powers as a trust company. The Second National Bank was controlled by practically the same interests as the First National Bank. Through the medium of a stock adjustment between the two institutions (to which extended reference was made in previous issues) a close affiliation is established between the First National Bank and the reorganized concern, the Oneida County Trust Co. The officers of the new trust company are: Chairman of the board, Thomas R. Proctor; President, Charles B. Rogers; First Vice-President, D. Clinton Murray; Second Vice-President and Treasurer, Frank R. Winant; Auditor, James D. Lamb. The election of these officials took place April 4, as we noted in the issue of April 8.

James Longley, a prominent manufacturer of Boston and Vice-President of the Boston Safe Deposit & Trust Co., died on the 9th inst.; he was seventy-six years of age. Mr. Longley has been a director of the trust company since its organization in 1875 and in addition was senior member of the board of trustees of the Franklin Savings Bank. He was a director of the Union Trust Co. of Chicago, Ill.; President of the Everett Mills, the Pepperell Manufacturing Co., Hamilton Manufacturing Co. and the York Manufacturing Co. of Boston, and a director of the Boston Storage Warehouse Co.

An attractive brochure commemorative of its twenty-fifth anniversary has been prepared by the Greylock National Bank of Adams, Mass. The institution started business May 4 1891 in the old Collins Building, where it was located until April 1915, when the building was destroyed by fire; a new building was erected upon the site, and in this the bank has been located since Jan. 10 last. The bank's new home is an attractive structure of gray granite and architectural terra cotta. The pamphlet, which contains descriptions of the new building and of the functions of various of the bank's departments, states that a trust department is now in process of formation, authority for the same having been granted by the Federal Reserve Board. The Greylock National Bank has \$100,000 capital, surplus of \$50,000 and undivided profits of \$270,000. William B. Plunkett is President.

James R. Miller, President of the Chapin National Bank of Springfield, Mass., who suffered a nervous breakdown last fall, shot and killed himself on the 10th inst.; he was thirty-eight years of age. Mr. Miller became active head of the Chapin National Bank in 1906 when he was elected Vice-President; in 1912 he was elected President.

J. Tatnall Lea, Chairman of the board of the First National Bank of Philadelphia and formerly for many years President of that institution, died yesterday (the 12th). Mr. Lea was elected President of the bank in 1904 and retired from that office in May 1915, when he was elected Chairman of the board.

J. Barton Townsend, Vice-President of the Provident Life & Trust Co. of Philadelphia, and C. Fred Stout, President of the John R. Evans Company, have been elected directors of the Central National Bank of that city, succeeding Eugene L. Ellison and T. Wistar Brown.

At the annual meeting of the Hamilton Trust Co. of Philadelphia on the 3d inst., Bernard Ruckdeschel was elected a Vice-President, succeeding Jacob Beiswanger, who resigned. George J. Miller and Isaac Kershaw were elected to the board.

George S. Macrum has retired as Vice-President of the Western National Bank of Pittsburgh; he will continue as a director of the institution.

E. C. VerBeek, who was made Cashier of the Highland Park State Bank of Detroit with its organization a few months ago, has been elected Cashier of the Highland Park State Bank of Highland Park, Mich.; he will relieve Walter L. Dunham, Vice-President and Cashier, of the duties of Cashiership. Mr. VerBeek was Assistant Cashier of the Highland Park State Bank of Highland Park until his association with the Detroit bank. I. G. McCreery, formerly Assistant Cashier of the Highland Park State Bank of Highland Park, has been made Cashier of the Highland Park State Bank of Detroit to succeed Mr. VerBeek.

William A. Gardner, of Chicago, Ill., President of the Chicago & North Western Railway Co. and of the Chicago St. Paul Minneapolis & Omaha Ry., died on the 11th inst. at Wianno, Mass.; he was fifty-seven years of age. Mr. Gardner was also Vice-President of the Superior Coal Co. and a director of the Merchants' Loan & Trust Co. of Chicago.

Chauncey J. Blair, Vice-President of the Corn Exchange National Bank of Chicago, died on the 10th inst.; he was 71 years of age. Mr. Blair was identified with the banking community in Chicago for many years; in 1879 he became Vice-President of the old Merchants' National Bank, which was founded by his father, and was elected President in 1888; upon the consolidation of the Merchants' National with the Corn Exchange National in 1902 Mr. Blair became Vice-President and a director of the latter institution. At the time of his death he was a director of the Union Trust Co. of Chicago.

Enos M. Barton, a director of the Merchants' Loan & Trust Co. of Chicago, and prominently identified with the electrical industry in that city for many years, died in Biloxi, Miss., on the 3d inst.; he was seventy-three years of age. Mr. Barton was the founder of the Western Electric Co. and had been its President for many years, retiring in 1908.

The State Bank of Chicago has prepared and published for the benefit of stockholders, depositors and correspondents a booklet entitled "Twenty-Five Years," containing all its published statements in condensed form since its incorporation as a State bank in 1891. Included in the volume is a record of all the events of historical interest in the bank's career. The State Bank of Chicago was incorporated on Feb. 10 1891 with \$500,000 capital, succeeding the private banking firm of Haugan & Lindgren. On Jan. 2 1900 the bank increased its capital to \$1,000,000, and on July 8 1909 it again raised it, this time to \$1,500,000, the present figure. The first statement of the State Bank of Chicago, published March 12 1891, showed deposits of \$1,088,657 and undivided profits of \$2,749; its statement for Jan. 25 1916 (the last one included in the volume) gave the deposits as \$27,834,954 and undivided profits \$441,107. The bank now pays dividends at the rate of 16% per annum; the dividend rate was increased from 6% to 8% in 1905, to 10% in 1907, to 12% in 1908, and on July 1 1915 was raised to 16%. L. A. Goddard is President of the bank and Henry A. Haugan is Vice-President.

William Lorimer, formerly President of the defunct La Salle Street Trust & Savings Bank of Chicago, who was charged with embezzlement and conspiracy to defraud in connection with the failure of the bank in June 1914, was acquitted of the charges against him by a jury in Judge Dever's Court in Chicago on the 3d inst. Lorimer's contention throughout the trial (which lasted seventy-nine days) was that Vice-President Munday was in charge of the bank and that the crimes charged against him (Lorimer) were committed by Munday. Munday was found guilty on Nov. 19 1915 of conspiracy in connection with the collapse of the bank and is now under a five-year prison sentence. Lorimer is still liable to prosecution under a Federal indictment containing thirty-six counts and which charges misapplication of the funds of the La Salle Street National Bank. Following his acquittal, Mr. Lorimer made a statement outlining his plans and promising restitution to the depositors of the bank. He said:

My first efforts, as I stated to the jury which acquitted me, will be to repay to depositors the money they lost in the crash of the bank. I believe I know the properties which have been involved in the bank failure better than the receivers and other critics, and within a year I can pay off every dollar I owe as a result of the bank failure. Then my aim will be to seek re-election to the United States Senate and regain the seat I once occupied in that body.

The La Salle Street Trust & Savings Bank started business with \$1,000,000 capital Oct. 21 1912, being a conversion of the La Salle Street National Bank, which was organized by William Lorimer in 1910. An investigation into the institution's affairs was begun in the early part of 1914 and it was ordered closed on June 12. The case of Harry Huttig, who is also under an indictment charging conspiracy in connection with the failure, has not yet come to trial.

The officers and employees of the Mississippi Valley Trust Co. of St. Louis held a meeting in the Planters' Hotel on May 5 to organize the Valley Trust Club. The Club will hold monthly meetings at which the advancement of the company will be discussed, special talks given as to the work of each department, and suggestions heard as to improvements in the company's service. Announcement was also made at the meeting of the results of the "New Business" contest in which employees of the company have been active for some months past. It is stated that the company's business has been increased by reason of the contest in all its seven departments, special emphasis being laid upon the increase of \$5,000,000 in the company's deposits during the year ended May 1. Prizes for the contest were awarded by Breckinridge Jones, President of the trust company.

The depositors of the failed Broadway Bank of St. Louis have been paid a first dividend in liquidation of 66 2-3%, the distribution amounting to \$501,866. The bank suspended operations on Nov. 8 last. E. H. Benoist, Special Deputy Bank Commissioner, is in charge of the liquidation.

Charles R. Brenton and Clyde E. Brenton, respectively Vice-President and Cashier of the Bank of Dallas Center, Iowa, are reported to have recently acquired a large block of stock in two Des Moines banking institutions, the Citizens National Bank and the State Savings Bank. The Citizens National Bank is one of the oldest banks in Des Moines, having been established in 1872; it has \$300,000 capital, surplus and profits of about \$150,000, and deposits of over \$2,000,000. The State Savings Bank has \$100,000 capital, surplus and profits of about \$27,000 and deposits of over \$1,000,000. Clyde E. Brenton has become associated with the two Des Moines banks in an official capacity, having been elected Vice-President of both institutions on the 1st inst.; his brother was elected a director of the two banks at the same time. The Brenton brothers own and operate the Bank of Dallas Center which was established by their father, W. H. Brenton, who died some years ago (although his name is still carried as President). The institution has \$53,000 capital and resources of about \$1,000,000.

The Great Northern State Bank, capital \$25,000, has been incorporated in St. Paul. The new institution has quarters at 936 Rice Street, and a general banking business will be conducted. Among the incorporators are W. A. Miller and J. A. Reagan, respectively President and Vice-President of the National Bank of Commerce of St. Paul; the latter is also President of the St. Paul State Bank.

D. E. Mountcastle, for the past five years Chief Clerk of the First National Bank, Richmond, Va., and ex-President of the Richmond Chapter, A. I. B., as well as a graduate of its course in banking and law, has been elected Cashier of the Covington National Bank of Covington, Va., succeeding R. S. Cunningham, who recently resigned to accept an assistant cashiership in the National State & City Bank of Richmond.

Col. Z. H. Clark, a prominent capitalist of Moultrie, Ga., and Vice-President and Cashier of the Moultrie Banking Co., died on the 8th inst.; he was fifty-five years of age. Mr. Clark was Vice-President of the Moultrie Cotton Mills and a director in various Moultrie corporations.

The First National Bank of Houston, Texas, the oldest financial institution in that city, observed its fiftieth anniversary last week coincident with the convention of the Texas Bankers' Association in that city. The bank was established in 1866 with \$100,000 capital and was the second

national bank in Texas to be organized under the National Banking Act. T. M. Bagby was its first President. He served only a short time, resigning in 1867; he was succeeded by B. A. Shepherd, then regarded as the nestor of Texas bankers, and who served the institution for a quarter of a century until his death in 1892, when A. P. Root was elected President. Upon Mr. Root's death in 1908, O. L. Cochran assumed the Presidential duties, serving until December 1912, when he died. John T. Scott, the present executive, thereupon took up the reins. The First National Bank has been an important factor in the growth and development of Houston. The bank to-day has \$2,000,000 capital, surplus and profits of over \$450,000, and gross deposits of about \$11,500,000.

Judge Edward Gray has been elected President of the Dallas Trust & Savings Bank of Dallas, Texas, and of the Dallas Title & Guaranty Co., succeeding the late Stephen J. Hay.

Owen H. Churchill, one of the organizers and a director of the National Bank of California, of Los Angeles, died on April 29; he was in his seventy-fourth year. Mr. Churchill was formerly Vice-President of the National Bank of California for many years. He was a member of the Los Angeles Chamber of Commerce at the time of his death and was one of the first members of that organization.

THE ENGLISH GOLD AND SILVER MARKETS.

We reprint the following from the weekly circular of Samuel Montagu & Co. of London, written under date of April 20 1916:

GOLD.

For the fourth week in succession the external movements have been favorable to the Bank of England. The following amounts were received by the Bank:

- April 17—£75,000 in sovereigns released on account of Egypt.
- " 18—307,000 in bar gold.
- " 19—907,000 in bar gold.

Withdrawals were made as under:

- April 13—£240,000 in sovereigns for Spain.
- " " 50,000 in sovereigns for Uruguay.
- " 14— 50,000 in sovereigns for Argentina.
- " " 40,000 in sovereigns for U. S. A.
- " " 5,000 in bar gold.
- " 18— 200,000 in sovereigns for the Continent.
- " 19— 100,000 in sovereigns for Spain.
- " " 100,000 in sovereigns for the Continent.
- " " 50,000 in sovereigns for South America.

During the week the net influx amounted to £454,000. The Norwegian Parliament, following the example of the Danish and Swedish Parliaments, has passed a bill authorizing the King to exempt the Bank of Norway temporarily from the obligation to buy gold.

SILVER.

The quotation has again continued its impetuous course, rising by stages to 30 9-16d. on the 17th inst., reacting slightly to 30 7-16d. on the 18th inst., but springing 5-16d. on the 19th inst. to 30 1/2d. To-day it is fixed at 31 3-16d. Silver was quoted 27 3-16d. on the 18th March last; thus the price has risen exactly fourpence, or 15%, within little more than a month. The absence of sales from Mexico, the paucity of supplies from the United States of America, the ready absorption by the Indian bazaars of sales of silver direct from China, and the almost complete realization of China holdings in London, account for the difficulty of feeding the present demand, even though buyers act with discretion, recognizing that pressure must inevitably force up the price. The demand of Indian bazaars has been met direct from China, and they have therefore not figured much as buyers in this market. The bulk of the inquiry during the week has been for coinage for the British Empire and elsewhere, as it has been during preceding weeks. It will be observed in a following paragraph that the reserve of silver coin in India has fallen 139 lacs between the 7th and 15th inst. Apparently this does not take into account certain purchases believed to be on account of the Indian Government. It was rumored in the Indian bazaars that the two large shipments of silver from China to India, mentioned in our circulars of the 23d and 30th ult., were to be coined into Egyptian piastres at the mints of the Indian Government.

The "Temps" states that the French Mint, which in ordinary times coined annually eight to ten million francs in silver, will this year coin more than eighty million francs, and that purchases of silver are probable to an extent of 400,000 kilos, at a cost of more than forty million francs. The issue of silver coin in the United Kingdom in 1914, £6,092,569, greatly exceeded the issue of any previous year, and was more than six and a half times the average of the previous ten years. The United States production during 1915 is estimated at 76,300,000 ounces, or 4,700,000 ounces in excess of 1914. The output this year is anticipated to mark a further increase.

The last three Indian currency returns received by cable give details in lacs of rupees as follows:

	March 31.	April 7.	April 15.
Notes in circulation.....	67.22	66.34	65.32
Reserve in silver coin.....	23.06	22.17	20.78
Gold coin and bullion.....	12.24	12.25	12.25
Gold in England.....	11.92	11.92	11.92

The stock in Bombay consists of 3,100 bars, as compared with 3,400 bars last week. No shipment has been made from San Francisco to Hong Kong.

Quotations for bar silver per ounce standard:

April 14—30 1/4 cash	No quotation	Bank rate.....	5%
" 16—30 3/4 "	" fixed	Bar gold, per ounce stand.....	77s. 9d.
" 17—30 9-16 "	" for	French gold coin.....	Nominal
" 18—30 7-16 "	" forward	U. S. A. gold coin.....	Nominal
" 19—30 1/2 "	" delivery		
" 20—31 3-16 "			

Av. for week 30.572 cash
The quotation to-day for cash is 1 3-16d. above that fixed a week ago.

We have also received this week the circular written under date of April 27 1916:

GOLD.

The external movements have been substantially in favor of the Bank of England. The following amounts were received by the Bank:

- April 20— £8,000 in bar gold.
- " 26—1,887,000 in bar gold.

Withdrawals were made as under:

- April 20— £50,000 in sovereigns for South America.
- " 25— 40,000 in sovereigns for U. S. A.
- " " 100,000 in sovereigns for Spain.
- " 26— 110,000 in sovereigns for Spain.

During the week the net increase amounted to £1,595,000.

The Rhodesian output for March 1916 amounted to £335,368, as compared with £299,686 in March 1915 and £313,769 in February 1916.

The French paper "L'Information" gives the following details with regard to gold in Russia:

"The Russian Government, anxious to increase the gold reserve of the State Bank and to favor the production of gold within the Empire, have decided to accord for gold brought voluntarily to the Laboratories or to the Bank a premium of 45% on the pre-war price. Unfortunately, notwithstanding the prohibition of gold exports, the receipts of gold have barely increased; for merchants purchase the metal and send it abroad by the Asiatic route. In these circumstances, the Russian Minister of Commerce and Industries has decided to ask for power to requisition gold in the hands of private people, payment to be made therefor, plus the premium of 45% as stated above."

SILVER.

The principal event during the week, which consisted of only three working days, has been the establishment of a fresh record in the price during recent years. To-day's quotation, 33d., has not been reached since November, 1906, when it touched 33 1/4d. The ease with which the quotation moved from 31 3-16d. on the 20th, the day before the holidays, to 32d. upon the day after, the maintenance of the rise yesterday and the sensational advance to-day to 33d., indicate the existence of considerable vigor in the market. Its present condition is such that absolute freedom of supplies cannot be counted upon at any particular figure. At a level of 33d., the inherent strength of the market appears to be as robust as it was at 27d., and he would be a bold prophet who would deny the possibility of the price mounting to still higher figures. Given exhausted stocks, high expectations on the part of producing mines, and continuous purchases arising from the necessities of coinage, inquiries which can hardly be stayed off, and which emanate from several countries at one time—the situation admits of little or no modification. Any temporary lull in the demand and easing of the price would only serve to encourage speculative interest, and for that reason a reaction, when it comes, may be comparatively small and short-lived.

Although 33d. sounds a high price, it is an interesting fact that this is exactly half the price per ounce of coined British silver. Thus the mere impress of the die upon a sterling silver coin is to-day of exactly the same value as the silver contained therein.

The Indian bazaars, influenced by a shrinkage of their local stock and also by the general position of affairs, have competed for the moderate amount of supplies which have recently been offered for disposal. It will be observed from the following figures that although coined silver has been now included in the silver reserve of the Indian Treasury, the total is 77 lacs less than that given in the last return. The last three Indian currency returns received by cable give details in lacs of rupees as follows:

	April 7.	April 15.	April 22.
Notes in circulation.....	66.34	65.32	64.93
Reserve in silver coin.....	22.17	20.78	20.01*
Gold coin and bullion.....	12.25	12.25	12.25
Gold in England.....	11.92	11.92	11.92

* and bullion.
The stock in Bombay consists of 2,900 bars, as compared with 3,100 bars last week. The stock in Shanghai on March 31 1916 consisted of 1,408 bars and about 38,000,000 ounces in sycee, as compared with 1,302 bars and about 41,000,000 ounces in sycee on March 17 1916. No shipment was made from San Francisco to Hong Kong during the week.

Quotations for bar silver per ounce standard:

April 25—32 cash	No quotation	Bank rate.....	5%
" 26—32 1-16 "	" fixed	Bar gold per ounce standard.....	77s. 9d.
" 27—32 "	" "	French gold coin per ounce.....	Nominal
Aver. for wk. 32.354 cash		U. S. gold coin per ounce.....	Nominal

The quotation to-day for cash is 1 13-16d. above that fixed a week ago.

ENGLISH FINANCIAL MARKETS—PER CABLE.

The daily closing quotations for securities, &c., at London, as reported by cable, have been as follows the past week:

London, Week ending May 12.	May 5.	May 8.	May 9.	May 10.	May 11.	May 12.
Silver, per ounce.....	36 15-16	35 1/2	35 1-16	36 1/4	36 3/4	37
Consols, 2 1/2 per cents.....	57	57	57	57	57	57 1/4
British 4 1/2 per cents.....	95	95	94 1/2	94 1/2	94 1/2	94 1/2
French Rentee (in Paris).....	63.00	63.00	63.00	63.00	63.00	63.00

The price of silver in New York on the same days has been:
Silver in N. Y., per oz.....cts. 76 3/4 74 1/4 73 1/4 76 1/4 76 1/2 77 1/4

TRADE AND TRAFFIC MOVEMENTS.

ANTHRACITE COAL SHIPMENTS.—The shipments of anthracite coal for April 1916, as reported to the Anthracite Bureau of Information at Wilkes-Barre, aggregated 4,528,784 tons, against 6,655,625 tons for the corresponding month last year, a decrease of 2,126,841 tons. The movement for the past month was the lightest for any April since 1901, with the exceptions of 1906 and 1912, when there were suspensions in mining operations pending a renewal of the wage agreements. Uncertainty as to prices which might obtain after the establishment of a new wage agreement to take the place of the one which expired March 31 1916 is assigned as the principal cause of the reduced production in April, though shortages of cars and labor were contributing factors. In the following we compare the shipments by the various carriers for April 1916 and 1915, and for the four months ending April 30 this year and last:

Table showing flour and grain exports from Philadelphia & Reading, Lehigh Valley, Central Railroad of New Jersey, Delaware Lackawanna & Western, Delaware & Hudson, Pennsylvania, Erie, Ontario & Western, and Lehigh & New England for April and Jan. 1 to April 30.

* Does not include 62,398 tons delivered to the Central R.R. of New Jersey at Hauto in April 1916, against 81,643 tons in 1915.

UNFILLED ORDERS OF STEEL CORPORATION.—The United States Steel Corporation on Wednesday issued its regular monthly statement showing the unfilled orders on the books of the subsidiary corporations at the close of April. For the third successive month all previous records were surpassed, the aggregate of unfilled orders on April 30 being 9,829,551 tons, an increase of 498,550 tons over last month, when the amount of outstanding orders was 9,331,001 tons. In the following we give the comparisons with the previous months:

Table showing unfilled orders for steel in tons for various months from April 1916 back to June 1910, categorized by month and year.

The figures prior to July 31 1910 were issued quarterly only. These, extending back to 1901, were given in the "Chronicle" of March 13, 1915, page 876.

Commercial and Miscellaneous News

Breadstuffs Figures brought from page 1822.—The statements below are prepared by us from figures collected by the New York Produce Exchange. The receipts at Western lake and river ports for the week ending last Saturday and since Aug. 1 for each of the last three years have been:

Table showing receipts of flour, wheat, corn, oats, barley, and rye at various ports (Chicago, Minneapolis, Duluth, Milwaukee, Toledo, Detroit, Cleveland, St. Louis, Peoria, Kansas City, Omaha) for the week ending Aug. 1 and since Aug. 1 for 1915-16, 1914-15, and 1913-14.

Total receipts of flour and grain at the seaboard ports for the week ended May 6 1916 follow:

Table showing receipts of flour, wheat, corn, oats, barley, and rye at various seaboard ports (New York, Boston, Portland, Me., Philadelphia, Baltimore, Newport News, Norfolk, Mobile, New Orleans, Galveston, Montreal, St. John) for the week ending May 6 1916 and since Jan. 1 1916.

* Receipts do not include grain passing through New Orleans for foreign ports on foreign bills of lading.

The exports from the several seaboard ports for the week ending May 6 are shown in the annexed statement:

Table showing exports of wheat, corn, flour, oats, rye, and peas from various seaboard ports (New York, Portland, Me., Boston, Philadelphia, Baltimore, Newport News, Norfolk, Mobile, New Orleans, Galveston, St. John, N. B.) for the week ending May 6 1916 and since Jan. 1 1916.

The destination of these exports for the week and since July 1 1915 is as below:

Table showing the destination of flour and grain exports for the week and since July 1 1915, categorized by destination (United Kingdom, Continent, So. & Cent. Amer., West Indies, Brit. No. Am. Colonies, Other Countries) and unit (bbls., bush.).

Total 429,455 13,368,121 7,970,960 289,109,162 1,314,493 23,163,984

The world's shipments of wheat and corn for the week ending May 6 1916 and since July 1 1915 and 1914 are shown in the following:

Table comparing world shipments of wheat and corn for 1915-16 and 1914-15, categorized by destination (North America, Russia, Danubia, Argentina, Australia, India, Oth. count'ys).

* North America.—The Canadian Government has officially prohibited the issuance of both manifests and exports until after ten days. This is effective during the continuance of the war.

The quantity of wheat and corn afloat for Europe on dates mentioned was as follows:

Table showing the quantity of wheat and corn afloat for Europe on dates from May 6 1916 to May 9 1914, categorized by destination (United Kingdom, Continent, Total).

NICARAGUA CUSTOMS RECEIPTS.—We append a statement showing the Nicaraguan customs receipts for eight months of 1915-16, compared with 1914-15:

Table comparing Nicaraguan customs receipts for 1915-16 and 1914-15, showing monthly and quarterly totals.

DIVIDENDS.

The following shows all the dividends announced for the future by large or important corporations:

Dividends announced this week are printed in italics.

Table listing dividends for various corporations (Railroads, Street & Electric Railways, Trust Companies) with columns for Name of Company, Per Cent, When Payable, and Books Closed.

Table with columns: Name of Company, Per Cent., When Payable, Books Closed, Days Inclusive. Lists various companies like Adams Express, American Bank Note, etc.

Table with columns: Name of Company, Per Cent., When Payable, Books Closed, Days Inclusive. Lists companies like Warlock Iron & Steel, Wayland Oil & Gas, etc.

a Transfer books not closed for this dividend. b Less British income tax. c Correction. e Payable in common stock. f Payable in scrip. On account of accumulated dividends. g Declared 6% payable in quarterly installments as follows: 1 1/2% Apr. 29 to holders of record Apr. 15; 1 1/2% July 31 to holders of record July 15; 1 1/2% Oct. 31 to holders of record Oct. 14; 1 1/2% Jan. 31 1917 to holders of record Jan. 13 1917. & Payable in convertible 5% debentures. n Declared 6%, payable 3% as above and 3% Nov. 15 to holders of record Oct. 20, n Payable in new preferred stock.

Canadian Bank Clearings.—The clearings for the week ending May 6, at Canadian cities, in comparison with the same week in 1915, shows an increase in the aggregate of 36.8%.

Table titled 'Clearings at—' with columns for 1916, 1915, Inc. or Dec., 1914, 1913. Lists cities like Montreal, Toronto, Winnipeg, Vancouver, etc.

Auction Sales.—Among other securities, the following, not usually dealt in at the Stock Exchange, were recently sold at auction in New York, Boston and Philadelphia:

Table listing auction sales with columns: Shares, Stocks, Per cent. Lists items like 10 First Nat. Bank of N. Y., 8 West Side Bank, etc.

By Messrs. Francis Henshaw & Co., Boston: Lists items like 20 Great Falls Mfg. Co., 4 Peppercorn Mfg. Co., etc.

By Messrs. R. L. Day & Co., Boston: Lists items like 6 Merchants' Nat. Bank, 4 Commonwealth Trust Co., etc.

By Messrs. Barnes & Lofland, Philadelphia: Lists items like 40 Frank & S'wark Pass. Ry., 4 Fire Assoc. of Phil., etc.

National Banks.—The following information regarding national banks is from the office of the Comptroller of the Currency, Treasury Department:

Table titled 'APPLICATION FOR CHARTER' listing banks like The First National Bank of Corning, Cal., The First National Bank of Highland, Wis., etc.

Statement of New York City Clearing House Banks and Trust Companies.—The following detailed statement shows the condition of the New York City Clearing House members for the week ending May 6. The figures for the separate banks are the averages of the daily results. In the case of the totals, actual figures at the end of the week are also given. In order to furnish a comparison, we have inserted the totals of actual condition for each of the three groups and also the grand aggregates, for the three preceding weeks.

NEW YORK WEEKLY CLEARING HOUSE RETURN.

Table with columns: CLEARING HOUSE MEMBERS, Capital, Net Profits, Loans, Discounts, Investments, etc., Gold, Legal Tenders, Silver, Nat. Bank Notes, Federal Reserve Bank Notes, Reserves with Legal Depositories, Add'l Deposits with Legal Depositories, Net Demand Deposits, Net Time Deposits, National Bank Circulation. Includes sub-sections for Members of Federal Reserve Bank, State Banks, and Trust Companies.

a Includes capital set aside for Foreign Branches, \$3,000,000.

STATEMENTS OF RESERVE POSITION.

Table with columns: Averages, Actual Figures. Sub-columns include Cash Reserve in Vault, Reserve in Depositories, Total Reserve, Reserve Required, Surplus Reserve, Inc. or Dec. from Previous Week. Rows include Members Federal Reserve Bank, State Banks, Trust Companies, and Grand Aggregate.

* Not members of Federal Reserve Bank.
a This is the reserve required on Net Demand Deposits in the case of State Banks and Trust Companies, but in the case of Members of the Federal Reserve Bank includes also the amount of reserve required on Net Time Deposits, which was as follows: May 6, \$1,600,450; April 29, \$1,411,000; April 22, \$1,296,900; April 15, \$1,242,300.
b This is the reserve required on Net Demand Deposits in the case of State Banks and Trust Companies, but in the case of Members of the Federal Reserve Bank includes also the amount of reserve required on Net Time Deposits, which was as follows: May 6, \$2,036,100; April 29, \$1,398,900; April 22, \$1,424,450; April 15, \$1,241,050.

The State Banking Department reports weekly figures, showing the condition of State banks and trust companies in New York City not in the Clearing House, and these are shown in the following table:

SUMMARY OF STATE BANKS AND TRUST COMPANIES IN GREATER NEW YORK, NOT INCLUDED IN CLEARING HOUSE STATEMENT.

Table with columns for Loans and Investments, Gold, Currency and bank notes, Total deposits, Deposits, Eliminating amounts due from reserve depositaries, Reserve on deposits, and Percentage of reserve. Includes sub-sections for RESERVE (State Banks and Trust Companies) with Cash in vaults and Deposits in banks and trust cos.

The averages of the New York City Clearing House banks and trust companies, combined with those for the State banks and trust companies in Greater New York City outside of the Clearing House, compare as follows for a series of weeks past:

COMBINED RESULTS OF BANKS AND TRUST COMPANIES IN GREATER NEW YORK.

Table with columns: Week ended, Loans and Investments, Demand Deposits, Specie, Other Money, Total Money Holdings, and Entire Reserve on Deposit. Lists weekly data from Feb 11 to May 6.

In addition to the returns of "State banks and trust companies in New York City not in the Clearing House," furnished by the State Banking Department, the Department also presents a statement covering all the institutions of this class in the whole State. The figures are compiled so as to distinguish between the results for New York City (Greater New York) and those for the rest of the State, as per the following:

For definitions and rules under which the various items are made up, see "Chronicle," V. 98, p. 1661.

The provisions of the law governing the reserve requirements of State banking institutions were published in the "Chronicle" March 28 1914 (V. 98, p. 968). The regulations relating to calculating the amount of deposits and what deductions are permitted in the computation of the reserves were given in the "Chronicle" April 4 1914 (V. 98, p. 1045).

STATE BANKS AND TRUST COMPANIES.

Table comparing State Banks in Greater N. Y., Trust Cos. in Greater N. Y., State Banks outside of Greater N. Y., and Trust Cos. outside of Greater N. Y. across various financial metrics like Capital, Surplus, Loans, etc.

Non-Member Banks and Trust Companies.—Following is the report made to the Clearing-House by clearing non-member institutions which are not included in the "Clearing-House return" on the preceding page:

RETURN OF NON-MEMBER INSTITUTIONS OF NEW YORK CLEARING HOUSE.

Large table with multiple columns: CLEARING NON-MEMBERS (Capital, Net Profits, Loans, Gold, Legal Tenders, Silver), Fed'l Reserve Bank, State Banks, Trust Companies, and Grand aggregate. Includes sub-sections for Members of Fed'l Reserve Bank and State Banks.

Philadelphia Banks.—Summary of weekly totals of Clearing House banks and trust companies of Philadelphia:

Table with columns: Capital and Surplus, Loans, Reserves, Deposits, Circulation, and Clearings. Lists weekly data from Feb 26 to May 6.

Boston Clearing House Banks.—We give below a summary showing the totals for all the items in the Boston Clearing House weekly statement for a series of weeks:

Table with columns: May 6, 1916, Change from previous week, April 29 1916, April 22 1916. Lists weekly data for various financial metrics.

* Includes Government deposits and the item "due to other banks" (May 6 \$174,338,000); also "Exchanges to Clearing House" (May 6, \$21,314,000). Due from banks May 6, \$74,671,000.

Imports and Exports for the Week.—See third page preceding.

Bankers' Gazette.

Wall Street, Friday Night, May 12 1916.

The Money Market and Financial Situation.—The state of tension which held the financial district in suspense during the whole of last week was relieved over the week-end by an interpretation of the German official reply to President Wilson's latest note relating to submarine warfare. At the opening of business this week the embargo had disappeared, usual activity was resumed at the Stock Exchange and prices recovered rapidly from the depression which preceded. The international situation is not regarded as sufficiently definite, however, to make sure that the old matter will not be reopened and after a liberal response to improved conditions the market has been for two or three days in a state of practical inertia.

News of domestic affairs is mostly encouraging. The Government crop report estimates the condition of winter wheat as four points higher than the April report. Spring wheat acreage is nearly all seeded under favorable conditions. Notwithstanding the enormous output of iron and steel during the month of April, orders on the books of producers increased more than ever before.

Coincidental with the shipment of gold from Canada to New York, sterling exchange has been quoted fractionally lower this week. In this connection it is interesting to note that the Bank of England's gold holdings increased \$9,500,000 and its percentage of reserve is now up to 31.37, making it almost 50% larger than at the beginning of the year, when it was less than 21.

Foreign Exchange.—The market for sterling exchange has ruled irregular during the week, showing some evidence of pressure in the earlier days but later experiencing some recoveries. News of the receipt of \$4,256,000 gold from the Ottawa branch of the Bank of England had a stimulative influence. The Continental exchanges as a rule were about steady.

To-day's (Friday's) actual rates for sterling exchange were 4 7/16 @ 4 7/32 for sixty days, 4 7/8 @ 4 7/16 for checks and 4 7/8 - 1/16 for cables. Commercial on banks (sixty days) 4 7/16 @ 4 7/16 and documents for payment (sixty days) 4 7/16 @ 4 7/16. Cotton for payment 4 7/8 and grain for payment 4 7/8.

There were no rates posted for sterling by prominent bankers this week. To-day's (Friday's) actual rates for Paris bankers' francs were nominal for long and 5 9/16 for short. Germany bankers' marks were for sight bills 77 1/2. Amsterdam bankers' guilders were 4 1/4 for short.

Exchange at Paris on London, 28.29 1/2 fr.; week's range, 28.29 1/2 fr. high and 28.29 1/2 fr. low.

Exchange at Berlin on London not quotable. The range for foreign exchange for the week follows:

Table with columns: Sterling Actual—Sixty Days, Checks, Cables. High for the week, Low for the week, Paris Bankers' Francs, Germany Bankers' Marks, Amsterdam Bankers' Guilders, Domestic Exchange.—Chicago, Boston, St. Louis, San Francisco, Montreal, Minneapolis, Cincinnati, New Orleans, etc.

State and Railroad Bonds.—Sales of State bonds at the Board are limited to \$4,000 N. Y. Canal 4 1/8 at 115.

The market for railway and industrial bonds has been more active than for some time past, made so by enormous transactions in the Rock Island issues. These have been by far the most conspicuous features, exceeding many times over the transfer of Anglo-French and Canadian bonds combined. The demand for these issues is, as is well known, created by conditions of the reorganization and has resulted in an advance of 2 1/2 points in case of the ref. 4s, of 8 1/2 points in deb. 5s and 7 1/2 points in deb. 5s, etc., of dep.

Missouri Pacific 4s have also advanced nearly 8 points and the conv. 5s only a little less. Inter. Mer. Mar. 4 1/2s close over 2 points higher than last week, Erie conv. series D are up 1 1/2 and N. Y. Cent. deb. 6s 1 1/4, the latter on liberal transactions.

The Anglo-French bonds have been less active than at some times in the past, but close with a net gain of 1/2 point at the highest price recently recorded. Sales under the rule "s-20-f" amount to \$72,500 par value.

United States Bonds.—Sales of Government bonds at the Board include \$10,000 4s, reg., at 110 7/8, and \$500 4s, coup., at 112. For to-day's prices of all the different issues and for weekly range see third page following.

Railroad and Miscellaneous Stocks.—For reasons noted above, the stock market was active and recorded on Monday and Tuesday a substantial recovery from the downward movement noted last week. Since Tuesday the volume of business has again been small and prices have fluctuated within a relatively narrow range.

The market was to-day more active than since Tuesday and every active railway issue advanced. Canadian Pacific led the upward movement with an advance of over 6 points, and New Haven closed 3 points higher than last night. No explanation was offered in either case. The week's operations leave the entire active railway list from moderately to substantially higher than at the beginning.

The industrial stocks have, on the other hand, been decidedly irregular. Bethlehem Steel has covered a range of 34 points and closes with a loss of 5 1/2. General Motors dropped 30 points and recovered all but 4. Maxwell Motors advanced 10 points early in the week, dropped 6 and recovered 3. Inter. Mer. Mar. preferred shows an advance of 5 points, Studebaker 6 3/4, and a few other stocks are from 3 to 5 points higher. On the other hand, several issues in this group have been irregular and close with a net loss.

For daily volume of business see page 1801. The following sales have occurred this week of shares not represented in our detailed list on the pages which follow:

Table with columns: STOCKS, Week ending May 12, Sales for Week, Range for Week (Lowest, Highest), Range since Jan. 1 (Lowest, Highest). Includes American Express, Am. Writ Paper, Associated Oil, etc.

Outside Market.—The "curb" market this week has been active and irregular. Under the favorable impression created by Germany's reply the market last Saturday was strong with substantial advances in many issues. A weaker turn caused fractional losses, while the close was strong and active. Atlantic Gulf & W. I. SS. Lines was a feature, the com. moving up from 41 1/2 to 47 and the pref. from 52 1/2 to 54 3/4. The close to-day was at 45 3/4 for the former and 54 for the latter. Chevrolet Motor was also a strong feature and advanced from 203 to 216. Cuba Cane Sugar com. after a rise of over 2 points to 63 1/4 fell to 60, moved upward again and rested finally at 61 1/4. The pref. after a loss of 1 1/2 points to 93 1/2 recovered to 94 1/2. Midvale Steel from 60 3/4 improved to 61 3/4 but reacted to 58 3/4, recovering finally to 60 3/4. Perlman Rim, which will be one of the cos. to be taken over in the new \$60,000,000 United Motors Corp., was run up from 114 to 142 1/2 with 145 paid for odd lots. The close to-day was at 137 1/2. Submarine Boat after fluctuating between 35 1/4 and 36 1/4 jumped to 37 1/2 and ends the week at 37 1/4. Standard Oil stocks were very dull but generally stronger. Ohio Oil sold up from 231 to 241 and at 240 finally. A good business was reported in low-priced oil stocks with prices generally higher. Metropolitan Petroleum was actively traded in up from 18 7/8 to 25 with the close to-day at 24 3/4. In bonds a feature was the heavy selling of Chesapeake & Ohio 5s, over \$4,400,000 being traded in, down from 97 to 93 1/2 and up to 94 3/4 and at 94 3/4 finally. The new Inter. Mer. Marine 6s made their appearance at from 99 to 98 1/2, as did the Sinclair Oil & Refg. 6s at 99 1/2.

A complete detailed record of the "Curb" transactions for the week will be found on page 1801.

New York Stock Exchange--Stock Record, Daily, Weekly and Yearly 1793

OCCUPYING TWO PAGES.

For record of sales during the week of stocks usually inactive, see preceding page.

Table with multiple columns: HIGH AND LOW SALE PRICES--PER SHARE, NOT PER CENT. (Saturday May 6, Monday May 8, Tuesday May 9, Wednesday May 10, Thursday May 11, Friday May 12); STOCKS NEW YORK STOCK EXCHANGE (Railroads, etc.); PER SHARE Range Since Jan. 1 (Lowest, Highest); PER SHARE Range for Previous Year 1915 (Lowest, Highest). Rows list various stocks like Atch Topoka & Santa Fe, Chicago Great Western, etc.

* Bid and asked prices; no sales on this day. † Ex-rights. ‡ Less than 100 shares. α Ex-div. and rights, β New stock. γ Par \$25 per share. δ First installment paid. ε Ex-dividend. ζ Full-paid.

For record of sales during the week of stocks usually inactive, see second page preceding.

Main table with columns: HIGH AND LOW SALE PRICES—PER SHARE, NOT PER CENT. (Saturday May 6, Monday May 8, Tuesday May 9, Wednesday May 10, Thursday May 11, Friday May 12); STOCKS NEW YORK STOCK EXCHANGE; PER SHARE, Range Since Jan. 1 On basis of 100-shares lots; PER SHARE, Range for Previous Year 1915. Includes stocks like Industrial & Misc. (Con), Baldwin Locomotive, Bethlehem Steel, etc.

* Bid and asked prices; no sales on this day. † Less than 100 shares. ‡ Ex-rights. § Ex-div. and rights. ¶ New stock. * Par \$25 per share. † Ex-stock dividend. Ex-dividend.

New York Stock Exchange—Bond Record, Friday, Weekly and Yearly 1795

Jan. 1900 the Exchange method of quoting bonds was changed, and prices are now all—"and interest"—except for income and defaulted bonds.

Table with columns: U. S. GOVERNMENT, FOREIGN GOVERNMENT, U. S. CITY, U. S. RAILROADS, U. S. BANKS, U. S. SAVINGS, U. S. LIFE, U. S. FIRE, U. S. INSURANCE, U. S. TRUST, U. S. INVESTMENT, U. S. REAL ESTATE, U. S. MISCELLANEOUS. Includes sub-sections like 'U. S. GOVERNMENT' and 'Foreign Government'.

Table with columns: N. Y. STOCK EXCHANGE, FOREIGN GOVERNMENT, U. S. CITY, U. S. RAILROADS, U. S. BANKS, U. S. SAVINGS, U. S. LIFE, U. S. FIRE, U. S. INSURANCE, U. S. TRUST, U. S. INVESTMENT, U. S. REAL ESTATE, U. S. MISCELLANEOUS. Includes sub-sections like 'U. S. GOVERNMENT' and 'Foreign Government'.

* No price Friday; latest this week. d Due April. e Due May. f Due June. g Due July. h Due Aug. i Due Oct. j Due Dec. k Option sale.

Table of bonds for N. Y. Stock Exchange, Week Ending May 13. Columns include Bond, Interest Period, Price Friday May 12, Week's Range or Last Sale, Range Since Jan. 1, and Bid/Ask/Last Sale details.

Table of bonds for N. Y. Stock Exchange, Week Ending May 13. Columns include Bond, Interest Period, Price Friday May 12, Week's Range or Last Sale, Range Since Jan. 1, and Bid/Ask/Last Sale details.

* No price Friday; latest bid and asked this week. a Due Jan. b Due Feb. c Due April. d Due May. e Due June. f Due July. g Due Aug. h Due Oct. Due Nov. i Option sale.

BONDS			N. Y. STOCK EXCHANGE.			Week Ending May 12.		
Interest Period	Price		Week's Range or Last Sale		Bonds Sold	Range Since Jan. 1.		
	Friday	Ask	Low	High		Low	High	
	94	101	91	101		91	101	
Vandallia Co of 4s Ser A...	1955	F-A	91	101		91	101	
Consol 4s Series B...	1957	M-N	91	101		91	101	
Vera Cruz & P 1st 4 1/2s...	1931	J-J	97	107		97	107	
Virginia 1st 4 1/2s Series A...	1932	M-N	98	108		98	108	
Wash 1st 4 1/2s gold 6s...	1939	M-N	103 1/2	113 1/2		103 1/2	113 1/2	
Debutaire Series B...	1939	F-A	70	110		70	110	
3 1/2% equip 4 1/2 6s...	1921	M-N	97	107		97	107	
Det & Ch 2nd 4 1/2 6s...	1941	J-J	104	105 1/2		104	105 1/2	
Des Mohv Div 1st 4 1/2s...	1939	J-J	70	80		70	80	
Om Div 1st 4 1/2s...	1941	A-O	69	72		69	72	
Col & Ch Div 1st 4 1/2s...	1941	M-N	80	80 1/2		80	80 1/2	
Wab Pitts term 1st 4 1/2s...	1954	J-J	21 1/2	31 1/2		21 1/2	31 1/2	
Jent and Old Col Tr Co Certs...	1923	J-J	1 1/2	1 1/2		1 1/2	1 1/2	
Columbia Tr Co Certs...	1923	J-J	1 1/2	1 1/2		1 1/2	1 1/2	
Jol Tr Certs for Cent Tr Certs...	1924	J-J	1 1/2	1 1/2		1 1/2	1 1/2	
Wash Term 1st 4 1/2 6s...	1945	F-A	93 1/2	103 1/2		93 1/2	103 1/2	
Wash Maryland 1st 4 1/2 6s...	1952	A-O	72 1/2	82 1/2		72 1/2	82 1/2	
West N Y & P 1st 4 1/2 6s...	1937	J-J	104	104 1/2		104	104 1/2	
Gen gold 4s...	1943	A-O	83 1/2	84 1/2		83 1/2	84 1/2	
Income 6s...	1943	Nov	37	37		37	37	
Waellin & L E 1st 4 1/2 6s...	1926	A-O	100	102		100	102	
Wheel Div 1st 4 1/2 6s...	1928	J-J	95 1/2	105 1/2		95 1/2	105 1/2	
Steen & Imp 1st 4 1/2 6s...	1930	F-A	98	108		98	108	
R R 1st 4 1/2 6s...	1930	M-N	98	108		98	108	
30-year equip 4 1/2 6s...	1929	M-N	87	97		87	97	
Winston-Salem S R 1st 4 1/2 6s...	1940	J-J	84	85		84	85	
Wis Cont 50-yr 1st 4 1/2 6s...	1940	J-J	85	85		85	85	
Rup & Div div term 1st 4 1/2 6s...	1934	M-N	85	85		85	85	

BONDS			N. Y. STOCK EXCHANGE.			Week Ending May 12.		
Interest Period	Price		Week's Range or Last Sale		Bonds Sold	Range Since Jan. 1.		
	Friday	Ask	Low	High		Low	High	
	100	105	100	105		100	105	
Union Elec L & P 1st 4 1/2 6s...	1932	M-N	100	105		100	105	
Randall & extension 5s...	1923	M-N	93 1/2	103 1/2		93 1/2	103 1/2	
Union Elec L & P 1st 4 1/2 6s...	1935	J-J	102 1/2	112 1/2		102 1/2	112 1/2	
Utica Gas & Elec ref 5s...	1927	J-J	99	109		99	109	
Westchester Ltg gold 6s...	1920	J-J	104 1/2	105 1/2		104 1/2	105 1/2	

* No price Friday; latest bid and asked. † Due Jan. ‡ Due Apr. § Due May. ¶ Due June. †† Due July. ‡‡ Due Aug. §§ Due Oct. ¶¶ Due Nov. ††† Due Dec. ‡‡‡ Option sale.

SHARE PRICES--NOT PER CENTUM PRICES.

Main table containing stock prices for various companies like Alco Tepeka & Santa Fe, Boston Elevated, and others. It lists dates from May 6 to May 12, 1916, and includes columns for sales of the week, range since Jan 1, and range for previous year.

* Bid and asked price. a Ex-dividend and rights. b Ex-stock dividend. c Assessed paid. d Ex-rights. Unstamped. x 2s paid. w Half-paid.

Outside Stock Exchanges

Boston Bond Record.—Transactions in bonds at Boston Stock Exchange May 6 to May 12, both inclusive:

Table with columns: Bonds, Friday Last Sale Price, Week's Range of Prices (Low, High), Sales for Week (Shares), Range since Jan. 1. (Low, High). Includes entries like Alaska Gold Deb 6s A, Deben 6s Ser B, etc.

Baltimore Stock Exchange.—Complete record of the transactions at the Baltimore Stock Exchange from May 6 to May 12, both inclusive, compiled from the official sales lists, is given below.

Table with columns: Stocks, Friday Last Sale Price, Week's Range of Prices (Low, High), Sales for Week (Shares), Range since Jan. 1. (Low, High). Includes entries like Arundel Sand & Gravel, Atlan Coast L (Conn), etc.

Philadelphia Stock Exchange.—The complete record of transactions at the Philadelphia Stock Exchange from May 6 to May 12, both inclusive, compiled from the official sales lists, is given below.

Table with columns: Stocks, Friday Last Sale Price, Week's Range of Prices (Low, High), Sales for Week (Shares), Range since Jan. 1. (Low, High). Includes entries like Alliance Insurance, American Gas of N J, etc.

Table with columns: Stocks (Concl.), Par, Friday Last Sale Price, Week's Range of Prices (Low, High), Sales for Week (Shares), Range since Jan. 1. (Low, High). Includes entries like Philadelphia Co (Pitts), Preferred (5%), etc.

Table with columns: Stocks, Friday Last Sale Price, Week's Range of Prices (Low, High), Sales for Week (Shares), Range since Jan. 1. (Low, High). Includes entries like Amer Gas & Elec 5s, Amer Rys coll 5s, etc.

Chicago Stock Exchange.—Complete record of transactions at Chicago Stock Exchange from May 6 to May 12, both inclusive, compiled from the official sales lists, is as follows:

Table with columns: Stocks, Friday Last Sale Price, Week's Range of Prices (Low, High), Sales for Week (Shares), Range since Jan. 1. (Low, High). Includes entries like American Radiator, Amer Shipbuilding, etc.

Pittsburgh Stock Exchange.—The complete record of transactions at the Pittsburgh Stock Exchange from May 6 to May 12, both inclusive, compiled from the official sales lists, is given below.

Table of stock prices and sales for various companies, including Amer Sewer Pipe, Amer Wind Glass, Columbia Gas & Elec., etc. Columns include Stock Name, Par, Friday Last Sale, Week's Range, Sales for Week, and Range since Jan. 1.

Volume of Business at Stock Exchanges

TRANSACTIONS AT THE NEW YORK STOCK EXCHANGE DAILY, WEEKLY AND YEARLY.

Table showing weekly and yearly transactions at the New York Stock Exchange, including columns for Week ending, Stocks, Railroad &c., State, Mun. & Foreign Bonds, and U. S. Bonds.

Table showing sales at the New York Stock Exchange for the week ending May 12, 1916, categorized by Stocks, Bonds, and Government Bonds.

DAILY TRANSACTIONS AT THE BOSTON, PHILADELPHIA AND BALTIMORE EXCHANGES.

Table showing daily transactions at the Boston, Philadelphia, and Baltimore exchanges, including columns for Week ending, Boston, Philadelphia, and Baltimore.

New York "Curb" Market.—Below we give a record of the transactions in the outside security market from May 6 to May 12, both inclusive. It covers all the sales for the week ending Friday afternoon.

Table of transactions in the New York "Curb" Market, listing various stocks and their prices, including Aetna Explos., Ajax Rubber, Amer Drug, etc.

Table of stock prices and sales for various companies, including Keneflek Zinc Corp, Kresge (S.S.) Co., Lake Torpedo Boat, etc. Columns include Stock Name, Par, Friday Last Sale, Week's Range, Sales for Week, and Range since Jan. 1.

Standard Oil Subsidiaries

Table listing Standard Oil Subsidiaries and their prices, including Anglo American Oil, Atlantic Refining, Continental Oil, etc.

Other Oil Stocks

Table listing other oil stocks and their prices, including Amer Oil & Gas, Barnett Oil & Gas, California Oil, etc.

Mining

Table listing mining stocks and their prices, including Adanac Silver Mines, Alaska-Brit Col Metals, Arizona Eagle, etc.

Table with columns: Mining (Concl.)— Par., Friday Last Sale, Price, Week's Range of Prices, Low, High, Sales for Week, Shares, Range since Jan. 1., Low, High. Lists various mining stocks like Rex Cons'd, Rochester Mines, Round Mountain, etc.

* Odd lots. a \$4,450,000. f A prospect. r Unlisted. u 20% paid. v 10% paid. w When issued. x Ex-dividend. y Ex-rights. z Ex-stock dividend.

CURRENT NOTICE.

In our advertising columns to-day William P. Bonbright & Co., Inc. 14 Wall St., this city, is featuring an offering of General Electric Co. 6% gold debenture bonds. Price on application. The General Electric Co. is the largest business of its kind in the U. S., supplying public utility companies with electrical appliances and machinery.

Hecker & Co., members of the Philadelphia Stock Exchange, 6th and Chestnut Sts., Philadelphia, are offering for investment \$350,000 Frank P. Miller Paper Co. (East Downingtown, Pa.) 6% 1st M. 10-year serial bonds. The mortgage securing these bonds and all legal matters have been passed upon by John G. Johnson of Philadelphia. See to-day's advertisement in the "Chronicle" for detailed information.

All the bonds having been sold, Kidder, Peabody & Co. and Harris, Forbes & Co. of this city are advertising in this issue as a matter of record only, their joint offering of \$6,000,000 New York Telephone Co. first and general closed mortgage sinking fund 4 1/2% bonds. Price 98 and interest, due 1930. All the particulars appear in to-day's record advertisement.

A Wall Street comic magazine called "The Lamb" made its debut this week. It will be published fortnightly at ten cents a copy, and its short stories, poems and humorous illustrations are intended to picture the light side of the bankers' existence. Yearly subscriptions \$2 50. Address "The Lamb," 44 Broad St., this city.

A. B. Leach & Co., 62 Cedar St., this city, own and offer \$250,000 Southern Pacific Co. San Francisco Terminal 1st M. 4% gold bonds, due April 1 1950. Legal investment for Connecticut savings banks. Price to yield 4.90%. See to-day's advertisement elsewhere in the "Chronicle" for general details.

Quotations for Sundry Securities

All bond prices are "and interest" except where marked "r."

Table with columns: Standard Oil Stocks, Per Share, Ask, Tobacco Stocks—Per Share, Par, Bid, Ask. Lists various oil and tobacco stocks like Anglo-Amer Oil, Amoco Refining, American Cigar, etc.

Table with columns: Bonds, Par, Bid, Ask. Lists various bonds like Pierce Oil Corp 6s 1924, Aetna Explosives, etc.

Table with columns: Ordnance Stocks—Per Share, Bid, Ask. Lists various ordnance stocks like Aetna Explosives, American Explosives, etc.

Table with columns: RR. Equipments—Per Cent Basis, Bid, Ask. Lists various railroad equipment stocks like Baltimore & Ohio, Buffalo & Pittsburgh, etc.

Table with columns: Industrial and Miscellaneous, Bid, Ask. Lists various industrial and miscellaneous stocks like Amer Bank Note, American Brass, etc.

New York City Banks and Trust Companies

Table with columns: Banks, Bid, Ask, Trust Co's, Bid, Ask. Lists various banks and trust companies like America, Amer Exch, Atlantic, etc.

* Banks marked with a (*) are State banks. r Sale at auction or at Stock Ex change this week. x Ex-rights. z Sale price.

New York City Realty and Surety Companies

Table with columns: Bid, Ask, Lawyers Mtr, Bid, Ask, Realty Assoc, Bid, Ask. Lists various realty and surety companies like Alliance R'ty, Amer Surety, Bond & M G, etc.

* Per share. b Basis. d Purchaser also pays accrued dividend. e New stock. / Flat price. * Nominal. x Ex-dividend. y Ex-rights.

Investment and Railroad Intelligence.

RAILROAD GROSS EARNINGS.

The following table shows the gross earnings of every STEAM railroad from which regular weekly or monthly returns can be obtained. The first two columns of figures give the gross earnings for the latest week or month, and the last two columns the earnings for the period from July 1 to and including the latest week or month. We add a supplementary statement to show the fiscal year totals of those roads whose fiscal year does not begin with July, but covers some other period. The returns of the electric railways are brought together separately on a subsequent page.

Main table with columns: ROADS, Latest Gross Earnings (Current Year, Previous Year), July 1 to Latest Date (Current Year, Previous Year). Includes sub-tables for 'Various Fiscal Years' and 'Period'.

AGGREGATES OF GROSS EARNINGS—Weekly and Monthly.

Summary table with columns: Weekly Summaries (Current Year, Previous Year, Increase or Decrease), Monthly Summaries (Cur. Yr., Prev. Yr., Current Year, Previous Year, Increase or Decrease).

a Includes Cleveland Lorain & Wheeling Ry. b Includes Evansville & Terre Haute and Evansville & Indiana RR. c Includes Mason City & Fort Dodge and the Wisconsin Minnesota & Pacific. d Includes not only operating revenue, but also all other receipts. e Does not include earnings of Colorado Springs & Cripple Creek District Ry. f Includes Louisville & Atlantic and the Frankfort & Cincinnati. g Includes the Texas Central and the Wichita Falls lines. h Includes the St. Louis Iron Mountain & Southern. j Includes the Lake Shore & Michigan Southern Ry., Chicago Indiana & Southern RR. and Dulnik Allegany Valley & Pittsburgh RR. n Includes the Northern Ohio RR. p Includes the Northern Central. * We no longer include the Mexican roads in any of our totals.

Latest Gross Earnings by Weeks.—In the table which follows we sum up separately the earnings for the fourth week of April. The table covers 38 roads and shows 20.33% increase in the aggregate over the same week last year.

Table with columns: Fourth Week of April, 1916, 1915, Increase, Decrease. Lists various railroads and their earnings for both years.

Net Earnings Monthly to Latest Dates.—In our "Railway Earnings" Section or Supplement, which accompanies to-day's issue of the "Chronicle," we give the March figures of earnings of all steam railroads which make it a practice to issue monthly returns or are required to do so by the Inter-State Commerce Commission.

In the following we give all statements that have come in the present week covering a later or a different period from that to which the issue of the "Railway Earnings" Section is devoted. We also add the returns of the industrial companies received this week.

Table with columns: Roads, Gross Earnings, Net Earnings, Fixed Chgs. & Taxes, Balance Surplus. Lists specific roads and their financial data.

Table with columns: Companies, Gross Earnings, Net, after Taxes, Fixed Charges, Balance, Surplus. Lists industrial companies and their earnings.

a Net earnings here given are after deducting taxes. b Net earnings here given are before deducting taxes. c After allowing for other income received.

ELECTRIC RAILWAY AND TRACTION COMPANIES.

Table with columns: Name of Road, Latest Gross Earnings, Jan. 1 to latest date. Lists electric railway and traction companies.

Table with columns: Name of Road, Latest Gross Earnings, Current Year, Previous Year, Current Year, Previous Year. Lists various railroads and their earnings.

b Represents income from all sources. c These figures are for consolidated company. f Earnings now given in millions. g Includes constituent companies.

Electric Railway Net Earnings.—The following table gives the returns of ELECTRIC railway gross and net earnings with charges and surplus reported this week:

Table with columns: Roads, Gross Earnings, Net Earnings, Interest and Taxes, Balance, Surplus. Lists electric railway companies and their earnings.

± After allowing for other income received.

ANNUAL REPORTS

Annual Reports.—An index to annual reports of steam railroads, street railways and miscellaneous companies which have been published during the preceding month will be given on the last Saturday of each month.

Pennsylvania Company.

(Forty-fourth Annual Report—Year ending Dec. 31 1915.)

Pres. Samuel Rea, March 29, wrote in substance:

General Results.—The total operating revenues were \$60,857,677, an increase of \$6,159,550, or 11.29%, as compared with 1914, due to a marked revival in the latter months of the year in general business activity following a comparatively long period of industrial depression, and resulting in a decidedly increased volume of freight traffic being offered for movement, and partly to the advance in certain merchandise freight rates, which became effective in the early part of 1915. It should be borne in mind, however, that the total revenues for 1913, and even for 1912, were considerably in excess of those reported for 1915, as the unfavorable industrial and financial conditions prevailing throughout the year 1914 continued during the greater part of the year 1915. The total expenditures for maintaining and operating the property were \$41,097,778, a decrease of \$3,077,779, or 1.27%, due partly throughout most of the year to a careful restriction of the expenses to those necessary for efficient and safe operation.

The net income for the year was \$9,704,347 (an increase of \$4,976,276), and this was utilized in paying a dividend of 6% upon the capital stock, in meeting the requirements of the various sinking funds, and in providing for a portion of the expenditures made during the year for improvements and betterments to the leased lines.

Profit and Loss.—The amount to the credit of this account Jan. 1 1915 was \$7,231,332 and the net credits thereto during the year were \$16,056,545, due largely to profits realized from sale of the securities explained below, making a total of \$23,287,877. Against this there were charged an appropriation to the general fund of the sum of \$7,000,000 and an appropriation for investment in physical property to provide for expenditures made and to be made for betterments to the road and equipment of your leased lines, of the sum of \$7,700,000, a total of \$14,700,000, leaving \$8,587,877 to the credit of the profit and loss account as of Dec. 31 1915.

Traffic.—The tonnage of the lines directly operated was 99,153,964 tons, an increase of 14,281,665 tons, or 16.83% the tonnage mileage 7,283,388,964, an increase of 598,719,950 ton miles, or 8.96% while the freight train mileage increased 0.12%. The average revenue per ton per mile increased 5% and the average revenue per freight train mile increased 14.81%, resulting from the increase in the trainload, the increased merchandise traffic and the advance in certain freight rates.

The number of passengers carried on the lines directly operated by your company was 13,200,371, a decrease of 750,709 passengers, or 5.38%; the passenger mileage 481,527,674, a decrease of 7,858,900 passenger miles, or 1.61%, although the passenger train mileage could be reduced only 0.71%. (The average revenue per passenger per mile increased 5.14% and the average revenue per passenger train mile increased 2.42%, both of which reflect, in part, certain increased passenger rates.)

Equipment Trusts.—Payments were made on account of principal of car trust contracts amounting to \$1,898,305, leaving a balance of \$6,131,678.

Notes, &c.—The Pennsylvania Company paid and retired the notes for \$12,600,000, reduced the equipment trust obligations by \$1,698,305, purchased \$246,000 of its First Mortgage bonds, making a total of \$1,024,000 of said bonds held; it also retired through the operations of sinking funds \$1,334,000 of the gold loan of 1901 certificates, \$57,000 of the series A (V. 101, p. 1189), \$115,000 of the series B, \$56,000 of the series C and \$15,000 of the series D Collateral Trust certificates.

In addition the company had reduced the outstanding French Franc Loan certificates, due June 15 1921, payable in Europe, from \$48,262,548 to \$18,053,891, and had issued new 4 1/2% gold loan of 1915 certificates, also due June 15 1921, payable in the United States, of which there were outstanding at the close of the year \$27,583,653. This exchange of securities was made possible upon advantageous terms to this company by reason of the disturbed financial conditions existing in Europe due to the war, the new certificates, principal and interest payable in this country, to an aggregate issue of \$48,262,500, being covered by a trust agreement, dated Sept. 1 1915, executed between the Pennsylvania Company, the Pennsylvania RR. & the Girard Trust Co. of Philadelphia, as trustee. (V. 101, p. 1014, V. 82, p. 1439.)

Road and Equipment Expenditures.—The increase in the investment in road and equipment was \$1,709,569, principally on account of freight train cars purchased or constructed for replacements, and the equipment of locomotives with superheaters. The increased investment of \$2,117,233 upon the leased railway properties represents the improvements and betterments thereon not chargeable to the betterment accounts under the leases, and was principally for equipment purchased or constructed for replacements in the locomotive and freight train car equipment.

The expenditures made for account of the leased and operated lines and chargeable thereto for additional facilities were principally for the purchase of dock property at Toledo, the Hoocking Valley RR., the construction of a modern brick passenger station, &c., at Canton, O., joint passenger station facilities with the Vandalia RR. at Plymouth, Ind., continuation of track elevation work in the Chicago district, installation of manual block signals on portions of the central system, extension of main, yard and sidetracks, and construction of a modern freight terminal at Chicago consisting of a two-level inbound and outbound freight house of steel and reinforced concrete extending from Polk to Taylor St. with team tracks extending from Taylor St. to 12th St.

New Union Passenger Station at Chicago, Ill.—The Chicago Union Station Co. commenced work during the year upon its new passenger terminal by undertaking the changes required in the adjacent streets. In order to finance this project it sold \$30,000,000 of its First Mortgage 4 1/2% gold bonds, designated series A and maturing July 1 1963, guaranteed by endorsement as to both principal and interest, jointly and severally, by the Chicago Burlington & Quincy RR., the Chicago Milwaukee & St. Paul Ry., the Pittsburgh Cincinnati Chicago & St. Louis Ry. and the Pennsylvania Company. Rapid progress upon the construction work is now expected as practically all the property necessary for the new station has been acquired. (Compare bond offering, V. 102, p. 608.)

Securities Owned.—Acquisitions.—The company purchased from the Toledo Columbus & Ohio River RR. \$2,000,000 stock issued by that company, to reimburse its treasury for expenditures made therefrom for additions to its property, and to provide funds for further improvements to be made within a short time. It also purchased from the Cincinnati Lebanon & Northern Ry. (a) \$600,000 stock issued by that company in June, principally for the purchase of all the property, real and personal, as well as the capital stock of the Dayton Lebanon & Cincinnati RR. & Terminal Co. (merged as of July 1 1915 with C. L. & N. Ry.) (b) in December \$200,000 of its First Consol. M. 4% bonds issued to provide for retiring at maturity on Jan. 2 1916 a like amount of its 1st M. 5% bonds. There were also acquired: (a) in exchange for stock and notes of the Buchannon & Northern RR. \$823,500 of capital stock of the Monongahela Ry. Co., which was formed by the consolidation on July 1 1915 of Monongahela RR. and Buchannon & Northern RR. (V. 101, p. 213); (b) \$2,401,600 special betterment stock from Cleveland & Pittsburgh RR., \$39,950 from Erie & Pittsburgh RR. and \$304,000 of First General M. 4% bonds from Pittsburgh Youngstown & Ashabula Ry. in settlement of betterment accounts.

Securities Sold.—The Pennsylvania Company sold its entire holdings of Cambria Steel Co. stock (value \$22,785,301—V. 101, p. 1715; V. 102, p. 610) and of Pittsburgh Cincinnati Chicago & St. Louis Ry. Consolidated Mortgage bonds, series J (\$2,894,000); and a part of its holdings of stock of Pennsylvania Steel Co. (which Dec. 31 1915 included \$9,188,300 pref. and \$7,388,900 common. See sale, V. 101, p. 1558; V. 102, p. 106, 1351), Pittsburgh RR. betterment stock and \$1,501,350 of its Little Miami RR. betterment stock. Its holdings of securities were also reduced by the redemption at maturity of \$300,000 Long Island RR. equipment trust certificates, \$1,000,000 Pennsylvania RR. Water Supply trust certificates, \$300,000 Pennsylvania Steel rolling stock trust certificates, \$1,000,000 Pennsylvania Steel freight car trust certificates, \$1,000,000 Pennsylvania Steel equipment improvement trust certificates and \$2,200,000 Pennsylvania general freight equipment trust certificates, and by the sale of \$2,000,000 of Pennsylvania RR. water supply trust certificates maturing on Jan. 1 1916 and Jan. 1 1917. (Compare "Profit and Loss" above.)

Statement as to \$12,570,011 Expended During 1915 for Construction, Equipment, &c.—Lines West of Pittsburgh.

Table with 2 columns: 'Incl. in Road and Equip. accounts in bal. sheets of the several co.' and 'All Other Companies (\$3,915,499)'. Rows include Pennsylvania Co. Lines (\$8,654,512), Pitts. Ft. Wayne & Chicago (\$1,709,569), Cleveland & Pittsburgh RR. (\$3,374,845), Pittsb. Youngst. & Ash. Ry. (\$1,918,513), Tol. Col. & Ohio River RR. (\$1,715,203), Clev. Akron & Cincin. RR. (\$1,641,682), and Other companies (\$472).

STOCK HOLDINGS OF THE PENNSYLVANIA COMPANY DEC. 31 1915, AGGREGATING (AT PAR) \$206,843,455.

Table listing stock holdings of various companies such as Belt Ry. of Chicago, Central Indiana Ry., Clev. & Pitts. RR., etc., with their respective values.

BONDS OWNED BY THE PENNSYLVANIA COMPANY DECEMBER 31 1915, AGGREGATING (AT PAR) \$18,620,000.

Table listing bond holdings including Chlc. Ind. & East. 1st M. 5%, Cent. Ind. Ry. 1st M. 4% gold, Erie & Pitts. RR., etc., with their respective values.

Total par value of stocks, \$206,843,455; par value of bonds, \$18,620,000; total, \$225,463,461; ledger value as per general balance sheet, exclusive of "securities issued or assumed" (unpledged \$1,152,618 and pledged \$30,158,271), \$179,924,731. Of the foregoing securities there are deposited as collateral with the various mortgages and trust obligations stocks of a par value of \$114,369,100.

STATISTICS OF ALL COMPANIES.

Table comparing statistics for 1915, 1914, and 1913, including Miles operated, Passengers carried, Rates per passenger per mile, etc.

INCOME ACCOUNT FOR YEARS ENDING DEC. 31.

Table showing income account for 1915, 1914, and 1913, including Operating Revenues, Expenses, Total operating revenues, Net operating revenue, Gross income, and Deductions.

The company deducts 1% of the 4% dividends shown in 1914 from profit and loss, but the full amount of dividends is deducted by us for the sake of simplicity (see remarks above).

Note.—The lines "operated directly by the Pennsylvania Company," aggregating 1,684.53 miles Dec. 31 1915, gross and net earnings of which are shown above, include:

Table listing lines operated under lease or controlled by stock or otherwise, including Pitts. Ft. Wayne & Chicago, Massillon & Cleveland, Erie & Pittsburgh, etc.

GENERAL BALANCE SHEET DEC. 31.

Table showing general balance sheet for 1915 and 1914, including Assets (Road & equip., Invest. in affil. cos., Stocks, etc.) and Liabilities (Common stock, Funded debt, Equip. trusts, etc.).

Total 293,589,023 289,002,143. After deducting \$2,544,386 Pennsylvania Co. obligations, y Through income and surplus, x After adding net credits during year, \$16,056,545 (see details in text above) and deducting surplus applied to sinking, &c., reserve funds, \$7,000,000 and surplus appropriated for investment in physical property, \$7,700,000, which includes \$7,664,173 held in reserve and \$35,827 expended.—V. 102, p. 713, 1346.

The New York Chicago & St. Louis Railroad.

(29th Annual Report—Year ended Dec. 31 1915.)

President William H. Canniff says in substance:

Results.—The gross revenue for the year was \$12,536,380, an increase of \$1,241,409, or 10.99%. Revenue freight increased 1,426,829 tons, nearly all commodities showing an increase. Operating expenses increased only \$9,473. Maintenance of way and structures shows a decrease of \$363,161 and maintenance of equipment an increase of \$461,845.

Deductions from gross income, \$2,065,762, show an increase of \$273,653, which is more than covered by the increased expense for hire of freight cars, amounting to \$344,002.

Grade Crossings.—On account of the separation of grades at Grand Crossing, Ill., and for the elimination of street crossing grades at Cleveland, O. (West Side), there have been expended during 1915 \$371,175 and \$91,292 respectively, making the total amounts so expended and held in suspense \$1,248,793 and \$367,396 to Dec. 31 1915.

OPERATIONS AND FISCAL RESULTS.

Table with 5 columns: 1915, 1914, 1913, 1912, and a fifth unlabeled column. Rows include Miles operated, Passengers carried, Rate per pass. per mile, etc.

INCOME ACCOUNT YEAR ENDING DEC. 31.

Income account table with 4 columns: 1915, 1914, 1913, 1912. Rows include Freight, Passenger, Mail, express, &c., Incidental, Total oper. revenue, Expenses, etc.

GENERAL BALANCE SHEET DEC. 31.

Balance sheet table with 4 columns: 1915, 1914, 1913, 1912. Rows include Assets (Road & equip't, Securities owned, etc.) and Liabilities (1st pref. stock, 2d pref. stock, etc.).

a Appropriated surplus in 1915 includes additions to property through income and surplus, \$3,608,567, and funded debt retired through income and surplus, \$1,379,107. b After deducting \$570,650 cost of first mortgage bonds purchased and retired prior to Dec. 31 1906 transferred to "funded debt retired through income and surplus" as per instructions of the U. S. C. Commission, and \$105,009 loss on retired road and equipment and adding miscellaneous items (net) aggregating \$5,470.—V. 102, p. 1541, 1347.

Green Bay & Western Railroad.

(Report for Fiscal Year ending Dec. 31 1915.)

Table with 5 columns: 1915, 1914, 1913, 1912, and a fifth unlabeled column. Rows include Freight, Passenger, Mail, express & miscell., Total earnings, Maintenance of way, &c., etc.

GENERAL BALANCE SHEET DEC. 31.

Balance sheet table with 4 columns: 1915, 1914, 1913, 1912. Rows include Assets (Const. & equip't, Add'n & bet't'm'ts, etc.) and Liabilities (Capital stock, 'A' debentures, 'B' debentures, etc.).

a After adding \$19,956 for adjustments in 1915.—V. 102, p. 1249, 437.

Grand Trunk Railway of Canada.

(Statement Made by Chairman at Annual Meeting.)

Chairman Alfred W. Smithers, at the recent annual meeting, said in substance:

The war still rages, but the Canadian situation has been improved by a bountiful harvest following the bad harvest of the previous year. The result is shown in the traffic returns, where since October last, when the new crop began to move, weekly increases have taken the place of weekly decreases. The large orders given out by the British and Allied governments to Canadian firms for munitions and many other things necessary for the armies have also contributed to the growth of our traffic receipts.

The gross receipts on the Grand Trunk Ry. for the year 1915 (compare V. 102, p. 171) amounted to £8,292,688, as against £8,596,767 in 1914, or a decrease of £304,080, of which the large proportion of £277,092 was in respect of passenger traffic. The freight and live-stock receipts only show a decrease of £54,000. The increase in ton receipts for the three months to Dec. 31 1915, compared with the corresponding period, amounted to £135,000—a striking proof of the beneficial effect of the good harvest.

Deducting fixed charges from the net revenue receipts leaves a total of £510,683, which, added to the balance of £1,300 brought forward from last year, makes a total of £515,007, which enables us to recommend the payment of the full year's dividend of 4% on the guaranteed stock, as against 3 1/2% in the previous year, and carry forward a balance of about £15,000, as compared with £4,300 brought in. This showing would have been much better but for the military charges and increased taxes, amounting together to £130,824, both of which were charges we could not escape.

The military charges of £90,772 arose by granting six months' pay to our men who enlisted. We discontinued that arrangement on March 1 last, of course there will be a charge this year caused by the payments to men enrolled before March 1, but from March onwards, in place of payments to the men, we propose to contribute \$10,000 per month to the Canadian Patriotic Fund.

Capital Outlays—Note Issue.—Of the expenditure on capital account, £1,192,959 was for the acquisition of securities of the Grand Trunk Pacific Branch Lines and Terminal Elevator companies, and Lachine, Jacques Cartier & Maisonneuve Ry. and Montreal & Southern Counties Ry. companies, and £126,800 was for discount and commission on 5 1/2% notes sold last year. Only a portion of these notes was new capital. We had £2,000,000 of one-year notes issued immediately before the war broke out, which fell due last July, and we were able, with permission of the British Treasury, to pay these off and provide additional capital by the issue of £2,500,000 of five-year 5 1/2% notes. The expenditure on new work, machinery, rolling stock and land purchased amounted to £299,000, mostly for orders prior to the war (V. 100, p. 208; V. 101, p. 1627).

Grand Trunk Pacific Ry.—The good harvest of 1915 has had a very beneficial effect on the traffic, which is evidenced by the improvement in the receipts which fell due last July, and we were able, with permission of the British Treasury, to pay these off and provide additional capital by the issue of £2,500,000 of five-year 5 1/2% notes. The expenditure on new work, machinery, rolling stock and land purchased amounted to £299,000, mostly for orders prior to the war (V. 100, p. 208; V. 101, p. 1627).

During my visit to Canada last autumn, in conjunction with our President, Mr. Chamberlain, we brought the difficult position in which we were placed before the Government. I had hoped that the negotiations with the Government would be completed before the date of this meeting, but, like every other Government directly or indirectly concerned with the war, they have been working under great pressure, and therefore have been unable to reach a decision. (See statement on a subsequent page.—Ed.)

Outlook.—Amid the complications of such a difficult situation as the present, it is impossible to anticipate the future. On the one hand we are in an improved position compared with last year, owing to increases in our receipts, but, on the other hand, we must expect an increase in working expenses for the carrying out of repairs which, owing to the heavy falling off in receipts last year, were of necessity postponed. In addition to this I am afraid we shall have to face seriously higher prices in coal, steel and materials generally. Then the labor question is always with us.—V. 102, p. 1711, 1540.

Duluth Missabe & Northern Ry.

(Report for Fiscal Year ending Dec. 31 1915.)

Pres. and Gen. Mgr. W. A. McGonagle, Duluth, Minn., March 31, reports in substance:

INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31.

Income account table with 4 columns: 1915, 1914, 1913, 1912. Rows include Freight (iron ore), Freight (miscellaneous), Passenger, Other transportation revenue, Incidental, &c. revenues, Total railway operating revenue, etc.

Table with 4 columns: 1915, 1914, 1913, 1912. Rows include Total operating expenses, Net earnings, Railway tax accruals, &c., Operating income, Other income, Gross income, Interest on funded debt, etc.

Balance, surplus or deficit. sur.\$1,474,850 def.\$85,937 sur.\$174,246

BALANCE SHEET DEC. 31.

Balance sheet table with 4 columns: 1915, 1914, 1913, 1912. Rows include Assets (Road & equip't, Trusts of bond sinking funds, etc.) and Liabilities (Capital stock, Funded debt, Traffic, &c., bal., etc.).

*The company's \$4,005,000 (par value) bonds redeemed with sinking fund, but held by trustees, not treated as an asset—see contra.—V. 102, p. 1436, 435.

Duluth & Iron Range Railroad.

(Report for Fiscal Year ending Dec. 31 1915.)

The Federal Steel Co., a subsidiary company of the United States Steel Corporation, owns the capital stock of the Duluth & Iron Range RR. See "Ry. & Ind. Section."

INCOME ACCOUNT FOR YEARS ENDING DEC. 31.

Table with columns for 1915 and 1914, listing various income and expense items such as iron ore, miscellaneous, passenger, and total revenues.

BALANCE SHEET DEC. 31.

Table with columns for 1915 and 1914, listing assets (Property, Cash, Bonds, etc.) and liabilities (Traffic, Accounts, etc.).

Note.—During the year the company retired \$3,500,000 of the \$4,500,000 2d M & N bonds and increased its cap. stk. from \$3,000,000 to \$6,500,000.—V. 101, p. 2144

Rutland Railroad.

(49th Annual Report—Year ending Dec. 31 1915.)

President Alfred H. Smith says in substance:

Results.—Total operating revenues were \$3,549,591, an increase of \$23,496. Freight revenue decreased \$42,883 and passenger revenue increased \$55,773. Operating expenses were \$2,472,112, a decrease of \$254,864, and the net revenue from railway operation was \$1,077,479, an increase of \$278,360.

Improvements, Additions, &c.—In Jan. 1915 we appropriated for improvements from the surplus for the year 1914 \$168,725; and balance unexpended from appropriation of Dec. 31 1913, \$230,184; total, \$398,909; from which expenditures amounting to \$156,764 have been made, consisting of grading, rails, &c., \$56,765, and notes paid for equipment purchased during year 1914, \$100,000, and leaving a balance of \$242,144 as of Dec. 31 1915. The total expenditures on road and equipment in 1915 aggregated \$146,637, including \$123,938 on road and \$22,699 on equipment.

OPERATING STATISTICS.

Table with columns for 1915, 1914, 1913, and 1912, listing operating statistics such as miles operated, passengers carried, and tons of freight.

INCOME ACCOUNT.

Table with columns for 1915, 1914, and 1913, listing earnings (Freight, Passenger, Mail, etc.), expenses (Maintenance, Traffic, etc.), and dividends.

BALANCE SHEET DEC. 31.

Table with columns for 1915 and 1914, listing assets (Road & equip't, Cash, Bonds, etc.) and liabilities (Common stock, Preferred stock, etc.).

* After crediting sundry adjustments, \$2,233, and deducting unaccrued depreciation prior to June 30 1907 on equipment on hand Jan. 1 1915, \$377,754.—V. 102, p. 718.

Illinois Traction Co., Champaign, Ill.

(12th Annual Report—Year ended Dec. 31 1915.)

The report signed by President Wm. B. McKinley, Champaign, Ill., and Vice-Pres. Executive and Gen. Man. H. E. Chubbuck, Peoria, Ill., says in substance:

Net receipts from electric lighting and power again show a substantial increase notwithstanding the fact that there were many elements throughout the year not conducive to this result. There was a net increase in interurban receipts which is considered satisfactory in view of the unfavorable influences which prevailed, among which are the business depression continued from the previous year, unseasonable weather conditions and the increasing use of automobiles. In the decreased earnings of the street railway properties is reflected the competition from jitney buses early in the year, the use of automobiles for business and pleasure purposes and unstable business conditions.

At Topeka, Kan., the city commission adopted an ordinance which provided for a reduction in electric lighting rates, of approximately 22% effective on April business. An aggressive new business campaign then inaugurated and continued throughout the remainder of the year, was responsible for an increase in the following eight months of 1,698 consumers. Gross earnings were decreased in April, compared with April 1914, but an increase was shown for May and the succeeding months.

A reduction in electric lighting rates at Des Moines, Ia., of about 16%, voluntary on the part of the company, but justified upon analysis of all relevant conditions, became effective on July 1. In November and December gross receipts from commercial lighting were in excess of receipts for the same months of the previous year. There was an increase of 2,165 electric lighting consumers and 1,400 h. p. in power consumers for the year. On Sept. 14, following negotiations of previous months, the city commission adopted an acceptable franchise granting the company permission to install a central steam heating plant and distributing system. This franchise will be submitted to a vote of the citizens of Des Moines early in 1916. Pursuant to the provision in our gas franchise at Galesburg, Ill., for adjusting in this year the gas rates for the succeeding five-year period, an arbitration board was duly appointed and their award provided for a reduction of 5% in the rate schedule. The new rates became effective with December business.

In consideration of the granting of a 25-yr. gas franchise by the city of Peru, Ill., a reduction of ten cents per 1,000 cubic ft. of gas was made effective Jan. 1. The same rate was adopted at La Salle, Ill., on Feb. 1.

RESULTS FOR CALENDAR YEAR.

Table with columns for 1915, 1914, 1913, and 1912, listing earnings (Interurban lines, City lines, Gas, etc.) and total gross earnings.

From the surplus as above in 1915 there was deducted \$403,611 for depreciation and \$54,396 for bond discount, leaving \$3,143.

BALANCE SHEET DEC. 31.

Table with columns for 1915, 1914, 1913, and 1912, listing assets (Stock of sub. eos, Adv. to sub. eos, etc.) and liabilities (Preferred stock, Common stock, etc.).

* After deducting \$210,633 unexpended bond discount and \$38,448 additional depreciation, interurban rolling stock.

PRINCIPAL COMPONENT PROPERTIES OF ILLINOIS TRACTION SYSTEM (See "Electric Railway" Section, pages 22 to 27).

Table listing various component properties and their associated companies, such as Atchison Ry., Light & Power Co., Illinois Central Traction Co., etc.

RESUME OF SERVICE, EXCLUSIVE OF INTERURBAN, IN CITIES

Street Railway Service.—(a) In Illinois: Bloomington, Cairo, Champaign, Danville, Decatur, Galesburg, Granite City, Jacksonville, La Salle, Madison, Normal, Ottawa, Peoria, Peoria, Princeton, Urbana, Venice and Quincy. (b) In Kansas: Topeka, Atchison and Wichita. (c) In Iowa: Oskaloosa. (d) In Missouri at St. Louis.

Gas.—(a) In Illinois: Cairo, Carlisle, Champaign, Clinton, Danville, Decatur, Galesburg, Jacksonville, La Salle, Peru and Urbana. (b) In Missouri: Jefferson City. (c) In Kansas: Atchison.

Heating.—(a) In Illinois: Bloomington, Champaign, Clinton, Danville, Decatur, Galesburg and Urbana. (b) Iowa: Oskaloosa. (c) Kansas: Topeka, Ia.—Jacksonville, Ill.

Water.—Marselles and Mound City, Illinois. Electric Lighting and Power.—(a) In Illinois: Abingdon, Bloomington, Brooklyn, Cairo, Champaign, Champaign, Champaign, Clinton, Danville, Decatur, Edwardsville, El Paso, East Alton, Galesburg, Glen Carbon, Gridley, Georgetown, Granite City, Hudson, Indianola, Jacksonville, Knoxville, La Salle, Lexington, Madison, Meadows, Monticello, Morton, Marselles, Mound City, National City, Normal, Ottawa, Peru, Ridge Farm, Siddell, Tremont, Urbana, Venice, Vermillion, Grove, Wood River, Westville and Worden. (b) In Kansas: Atchison and Topeka. (c) Iowa: Colfax, Des Moines, Montezuma, New Sharon, Oskaloosa and Valley Junction. (d) In Missouri, Jefferson City.—V. 102, p. 1060, 66.

Portland (Ore.) Railway, Light & Power Co.

(Report for Fiscal Year ending Dec. 31 1915.)

Pres. F. T. Griffith, Portland, Ore., Mar. 15, wrote in sub.:

Results.—The earnings are decidedly unsatisfactory, being indicative of the distressing conditions under which the property has been operated during the past year. These conditions are: (a) General business depression prevailing in Oregon and Washington, and especially acute in the territory in which this company operates. (b) Unlicensed and unregulated competition of the jitney automobiles, beginning immediately after Jan. 1 1915 and continuing throughout the year without restrictions or regulation of any kind. (c) Continued electric light and power competition from the Northwestern Electric Co. (V. 100, p. 2014, 2090; V. 102, p. 1165).

Business Depression.—The general depression in business in the Pacific Northwest has been more pronounced during almost the entire year than in any other portion of the U. S., this condition being strikingly in contrast with the sharp renewal of activity in the Eastern and Middle States. The lumber business, its greatest industry, has suffered not only from small railroad orders and decreased building activity, but also from the inability of mills to secure ocean tonnage, owing to the withdrawal of ships from the Pacific to meet more urgent demands elsewhere. Wheat and flour from Portland consigned to European ports is being shipped by rail to Atlantic Coast points for loading, a practice heretofore unknown.

Since Jan. 1 1916 demands from railroads for ties and car-building lumber have been received freely, and lumber orders and inquiries from the interior and California points have also steadily increased. During the last sixty days sawmills throughout the district have been reopening and a major portion of them are now operating on a single-shift basis. The improving conditions in lumber will directly benefit our company through increased freight tonnage on its interurban lines and through the general business improvement naturally following a revival of our chief industry.

Jitney Competition.—The effects of the jitney competition are shown by the decrease in gross earnings of the railway department of \$492,000, and the net earnings of \$419,000, a very large part of which was due to the jitneys. The number of passengers carried by your system in 1915 was 78,704,913, against 80,934,644 in 1914. A jitney-regulating ordinance was passed by the City Council in April 1915, but a referendum petition was filed against it and to avoid delay the Council repealed the ordinance and submitted the same ordinance to the electors at the general city election in June 1915. At that election it was adopted by a large majority. The Jitney Drivers' Union secured an injunction against its enforcement. The Supreme Court on July 28 approved the provisions of the ordinance, but found that it should have been voted upon by the City Council before submitted to the people. On Sept. 3 the Council passed a less drastic ordinance, but the Jitney Union secured another injunction. On Dec. 31 1915 the Supreme Court, reversing the lower Court's decision, held that this ordinance was properly passed.

This last ordinance became effective Jan. 18 1916, requiring a monthly license fee of \$2 and empowering the Commissioner of Public Utilities to approve routes and schedules. In practically every case, however, licenses have been issued for routes along principal car lines and in many instances the licenses have required operation according to a schedule for one or two hours a day, with the privilege of operating at the pleasure of the licensee during the remainder of the day. The enforcement of the ordinance up to date has markedly reduced the number of jitneys, but there has been a reduction of about 25% in their number since Nov. 1915, which we attribute to lack of patronage, possibility of securing other employment and a gradual realization on the part of the jitney drivers that the business is unprofitable even without effective regulation. It is our hope that more effective regulation will be enforced after April 1.

As result of observation extending over fourteen months of jitney operation, we are convinced that the small touring car cannot, for economic reasons, successfully compete with street car transportation, and we predict a gradual but steady decrease in the number of such machines in operation. In the beginning of jitney competition efforts were made to operate large buses seating twenty-eight to thirty-two passengers, and at one time 48 such machines were in operation in Portland. They have all failed and none are now operating.

Outlook.—During January and the first week of February, 1916, Portland suffered from a succession of snow and sleet storms and floods, which seriously affected our earnings and added greatly to the operating expenses. Since Feb. 8, however, there has been a steady improvement in street railway earnings, averaging about 6% above the previous year, and we believe our stockholders may reasonably expect that the following months of the year 1916 will show increases of street railway earnings over the corresponding months of 1915.

Light and Power.—The competition of the Northwestern Electric Co. continued throughout the year at rates somewhat lower than our schedules. Our loss in gross earnings from light and power business is due entirely to this competition, but the decrease amounted to \$229,500 in the first six months of 1915 and to only \$21,500 during the last six months. On Dec. 31 1915 we were serving 38,250 customers, an increase of 292 compared with Dec. 31 1914. We expect to increase the number of customers and our sales during 1916. Encouraging features in this department are the large number of new customers contacted up during the past ninety days, the securing of several large industrial power contracts since the first of 1916, and the excellent prospect of securing additional load.

Stock Conversion.—The conversion of \$5,000,000 of common stock (75% paid) into \$2,500,000 1st pref. and \$2,500,000 2d pref. fully-paid stock was consummated July 1 1915. Owners of about 90% of the stock of the company took advantage of the exchange plan, and the balance was taken up by a syndicate of stockholders formed for the purpose. This conversion plan put \$1,250,000 cash into the treasury, enabled the company to take up bank loans of \$560,000, the proceeds of which had been used to pay for extensions and betterments, and provided sufficient funds to pay for necessary construction work during the balance of the year and for bond sinking fund requirements (V. 100, p. 1511). The \$5,000,000 note issue which matured on May 1 1915 was extended for two years (V. 100, p. 1350, 1438).

Sinking Fund.—During the year deposits in sinking fund accounts to retire bonds amounted to \$307,580. There were purchased for sinking fund \$77,000 of Portland General Electric Co. 1st M. 5% bonds, \$81,000 Portland Ry. 1st & Refunding 5% bonds and \$149,580 Portland Ry., Lt. & Power Co. 5% bonds. The Portland General Electric bonds purchased were canceled and the other bonds held alive in the sinking funds.

Dividends.—No dividends were declared or paid during the year. Under the terms of the company's 1st & Refunding M., no dividends can be paid until 15% of the gross earnings has been expended upon maintenance and renewals of the property, or credited to a sinking fund to provide for such purposes. As a result, \$941,219 has accumulated in this fund, available for future requirements for renewals and replacements of worn out property. The surplus shown above in the earnings for the year 1915 was not sufficient to cover the balance necessary for the full amount of the 15% maintenance fund after giving credit for the actual maintenance expenditures. The dividend on the 1st pref. stock is cumulative from Jan. 1 1916.

Additions, etc.—Expenses chargeable to property accounts during the year were as follows: Railway extensions and imps., \$65,047; power plants, sub-stations, etc., \$21,996; customers' installations, \$72,740; gas-generating plant, \$6,574; real estate and buildings, \$45,543; and miscellaneous, \$472; total, \$212,327.

[As to tax on gross gas earnings see V. 102, p. 1718.]

COMPARATIVE STATEMENT FOR CALENDAR YEARS.

Table with columns for Statistics, 1915, 1914, 1913, 1912. Rows include Passengers carried, Lt. & power customers, Gross earnings, Operating expenses, Net earnings, Taxes, Bridge rentals, Interest, Surplus available for depreciation, renewals and dividends, Dividends (\$ per share), and Surplus for depreciation & renewals.

BALANCE SHEET OF DEC. 31.

Balance Sheet table with columns for Assets, 1915, 1914, Liabilities, 1915, 1914. Rows include Plant, prop. & equip., Securities owned, Supplies, Bond & note disc., Def. & susp. item., Cash, Sinking fund invest., Bills & acct's rece., 1st pref. stock, 2d pref. stock, Common stock, Funded debt, Bills payable, Acc'ts payable, Accrued assess'm'ts., Accrued acct's., and Surplus.

Total 63,367,400 62,502,332 Total 63,367,400 62,502,332

Puget Sound Traction, Light & Power Co., Seattle, &c. (Report for Fiscal Year ending Dec. 31 1915.)

The Stone & Webster Management Association reports as follows (the leased company, Everett Ry., Lt. & Water Co., not being included):

Results and Prospects.—The combined gross earnings for 1915 decreased 10.5%. The railway department sustained a loss of 15% and the light and power department 2.5%. Earnings from other sources showed some improvement. By rigid economy operating expenses were diminished 4.4%. The unsatisfactory results necessitated the postponement at the last two quarterly dividend dates of half the amount normally payable on the preferred stock (V. 101, p. 132).

Railway earnings contracted under jitney and auto-bus competition, and general business depression throughout the Puget Sound district. Jitneys first appeared in January, and as in other parts of the country, increased rapidly until in February and March about 700 were in operation. The

loss in gross earnings for a time exceeded \$2,000 a day. Since then the number of jitneys has gradually declined to about 450 on Dec. 31. Light and power revenue was reduced by partial or entire suspension of many industries. Several cement plants were thus affected, and practically all shunting and dredging work, an important factor in 1914, was discontinued. Reduction in commercial and residential light and power rates in the city of Seattle on April 1 also contributed to the loss.

The Puget Sound district has recovered only slightly from the severe depression which began with the outbreak of the European war. The lumber business has been exceedingly dull, and conditions in the salmon industry in 1915 were the poorest for several years. Although present signs of improvement in general business may be of benefit to the company, prospects for a rapid recovery are not encouraging.

A State prohibition law becomes effective Jan. 1 1916, and during several months of readjustment may reduce earnings, particularly in the light and power department. This loss, however, should be largely offset by additional power sales under contracts already executed with large consumers. With the lapse of time and improvement in general business, jitney competition is expected to show further decrease. In the steam heat, gas and coal departments, growth is anticipated during the new year.

Power Franchise in Tacoma.—The status of Tacoma Ry. & Power Company's business in Tacoma was adjusted on Jan. 28 1916 by the company's accepting a new power franchise. This franchise was granted by the city as a result of friendly negotiations and provided, among other things, for the interchange of power with the city.

Municipal Ownership.—The city of Seattle, in connection with its lighting plant, recently completed a masonry dam costing over \$1,500,000, but the basin behind the dam has proved so porous as to make its use impracticable. The mayor has estimated that it will take five years to seal this basin. The municipally owned railway has not even been able to pay operating expenses, as a result, enthusiasm for municipal ventures in electric railway and lighting undertakings appears to have declined materially.

Additions and Extensions.—Expenditures on property, about one-fifth of which were for replacements, amounted to \$1,493,184, viz.: Track and paving, \$730,405; transmission and distributing system, \$378,051; power plant, \$67,209; equipment, tools, real estate, steam heat system, gas plant and gas distributing system, \$85,137; misc. (prin. riparian rights), \$226,382.

Capital Changes.—Outstanding 5-year 6% mtge. bonds of Puget Sound Trac. Lt. & Power Co. were increased by the sale on Feb. 1 of \$557,000 treasury bonds. The floating debt was increased \$429,500.

CONSOLID. INCOME ACCT. FOR CAL. YEARS (INCL. SUB. COS.).

Table with columns for 1915, 1914, 1913, 1912. Rows include Railway department, Light and power dept., Gas department, Steam heat department, Other earnings, Total earnings, Operating expenses, Maintenance, Taxes, Total, Net earnings, Interest charges, Bond sinking funds, Preferred dividends, Common dividends, By sub. cos. & other than P. S. T. L. & P. Co., Balance, sur. or def., sur. \$9,372 def. \$52,245 sur. \$158,410 sur. \$287,512.

CONSOLIDATED BALANCE SHEET DEC. 31 (INCL. SUB. COS.).

Table with columns for Assets, 1915, 1914, Liabilities, 1915, 1914. Rows include Prop'y, plant, &c., Materials & app., Advance paym'ts., Notes receivable, Accts. receivable, Sinking fund invest., P. S. T. L. & P. Co. treas. bonds, Suspense, Funds in escrow, Cash, Total, Common stock, Preferred stock, Non-int. receipts, Common stock, Preferred stock, Pub. cos. stock, P. S. T. L. & P. Cos., Other bonds, Notes payable, Accounts payable, Accts. not yet due, Suspense, Bond sinking funds, Spec. & repl. reserve, Reserves & surplus.

Total 79,879,834 79,515,319 Total 79,879,834 79,515,319

* Includes in 1915 \$991,000 1st M. bonds and \$400,000 Cons. M. bonds, of the Seattle Electric Co., \$92,000 Seattle Ry. 1st M. bonds and \$65,000 S. E. Co. Sea-Ev. Tr. 1st M. bonds, all held in sinking fund uncancelled against \$807,000, \$406,000, \$83,000 and \$31,000, respectively, in 1914, also held in sinking fund uncancelled.

x Includes scrip and fractional receipts.—V. 102, p. 1626.

Capital Traction Co., Washington, D. C. (Report for Fiscal Year ending Dec. 31 1915.)

The annual report, signed by Pres. George E. Hamilton and the directors, says in substance: After the usual allotment to depreciation, fund for insurance and other reserves and the payment of a 5% dividend, it was found that \$58,672 was on hand and applicable to the surplus. Instead of carrying the full amount of this sum to the surplus, however, we considered it right to increase the allotment to depreciation reserve over and above the 2 1/2% of the operating revenues as now annually appropriated, by the additional sum of \$15,098, thereby reducing the amount of surplus for the year to \$43,574.

The decrease shown in operating revenues was due to the falling off in passenger receipts which occurred during the first eight months owing to the unrestricted operation of jitneys, the more common use of individually owned automobiles and to depressed business conditions, which materially lessened the number of transient riders on street cars. The improvement in business conditions which began to be felt in the late summer, and the practical elimination of the P. U. Commission of its purpose to regulate such carriers, brought about a most gratifying change, and the last four months of 1915 registered material gains in passenger receipts over 1914.

Funded Debt.—The company sold during the year \$116,500 of its 5% 40-year gold coupon bonds at the market price, and the proceeds were applied to payment of the entire floating debt and current capital expenditures. The outstanding bonded indebtedness of the company on Dec. 31 1915 was \$5,800,000, leaving a balance of \$200,000 of the total issue of \$6,000,000 in the treasury of the company to be sold in the future as the needs may require. Insurance reserve fund was \$189,000 of the outstanding bonds and on which, under regulation of the P. U. Commission of D. C., the company is not permitted to pay interest, thereby reducing the outstanding interest bearing funded indebtedness to \$5,611,000.

OPERATIONS AND FISCAL RESULTS.

Table with columns for 1915, 1914, 1913, 1912. Rows include Car mileage, Revenue passengers, Transfer passengers, Gross earnings, Maintenance of way & equip., Maint. of equipment, Operation of power plant, Transportation, General & miscellaneous, Total oper. expenses, Net earn. from oper., Other income, Total net income, Taxes, Interest, &c., Dividends, Total, and Balance.

BALANCE SHEET DEC. 31.

Table with columns for 1915 and 1914, split into Assets and Liabilities. Assets include cash, receivables, and fixed assets. Liabilities include capital stock, bonds, and accrued expenses.

* After deducting \$189,000 investment in C. T. Co. 5% bonds. A cash in bank, \$196,578, consists of \$76,084 to credit of operating account and \$120,494 to credit of depreciation reserve fund.

Anaconda (Mont.) Copper Mining Co., New York.

(Report for Fiscal Year ending Dec. 31 1915.)

Pres. John D. Ryan, N. Y., May 1, wrote in substance (see also preliminary report in "Chronicle" of Feb. 19, p. 707):

Stock.—At a special meeting held in May 1915 it was decided to decrease the number of shares into which the \$150,000,000 authorized capital of the company was divided, from 6,000,000 shares (par \$25) to \$3,000,000 shares (par \$50).

Acquisitions and Investments.—In March 1915 a transaction was completed by which the United Metals Selling Co. of N. J. transferred and assigned all of its business, assets and goodwill, with the exception of certain fixed assets, to the United Metals Selling Co., organized in Delaware.

Notes.—The insurance reserve fund consists of \$189,000 of the company's bonds, purchased and paid for out of said fund and in addition \$400 cash deposited in bank. Depreciation reserve fund of \$120,494 is composed of actual cash deposited in bank.—V. 101, p. 129.

Operations.—The beginning of the year found the company operating its mines upon the curtailed basis established immediately following the beginning of the European war.

Development.—During the year there was done in the mines 35.31 miles of development work, as compared with 33.15 miles in 1914.

Improvements.—At Anaconda the No. 2 roaster, reverberatory and converter plants have gone into operation upon the reconstructed basis.

Mine Tonnage.—Our mines produced during the year 4,376,556.53 tons of ore and 6,783.20 tons of precipitates, or a total of 4,383,339.73 tons.

Total Annual Production at Anaconda and Great Falls.

Table showing production of copper, silver, and gold in 1915, 1914, and 1913.

Of the total foregoing output in 1915 235,076.280 lbs. of fine copper; 8,064,953.02 oz. of silver, and 106,702.748 oz. of gold were produced from the mines of your company.

International Smelting Co.—The smeltery of this company at Tooele, Utah, treated during the year 270,374 tons of copper ore, and 395,573.87 tons of lead ore, from which there were produced 14,271,174 lbs. of fine copper, 113,002,857 lbs. of fine lead, 5,090,157 oz. of silver, and 48,020,361 oz. of gold.

International Lead Refining Co.—The lead refinery of this company at East Chicago, Ind., treated during the year 55,378.49 tons of lead bullion from Tooele, and 2,366.06 tons of foreign ore, from which there were produced 103,121,355 lbs. of common and corroding lead; 9,164,073 lbs. of antimonial lead, 4,031,610.09 oz. of silver, and 18,135,600 oz. of gold.

Raritan Copper Works.—The refinery of this company at Perth Amboy, N. J., treated for all companies during the year 192,282.48 tons of copper bullion and 719,342.75 oz. of silver bullion, from which there were produced 323,850,718 lbs. of fine copper; 16,025,993.18 oz. of silver, and 174,407,766 oz. of gold.

Coal Dept.—Mines at Diamondville, Washoe and Sand Coulee show:

Table showing coal production, shipped, sold, and used at coal mines for 1915, 1914, and 1913.

Lumber Department.—The saw mills of the lumber department at Hamilton, Hope, Bonner and St. Regis cut during the year, 86,645,962 ft. of lumber, and purchased 29,110,829 ft., of which 60,280,159 ft. were shipped to the mines of your company.

Table with columns for Traffic, Gross Income, Net Interest, Dividends, and Balance.

Outside Exploration.—In the circular letter of Feb. 14 1916, reference was made to the extensive exploration work which had been conducted at the Potrerillos Mines in Chile, and it was stated that a more complete detail than was included in the ad interim report would be given in the annual report.

During the year 1915 leases and options were taken on the Queen of the Hills property, and the Galt mines in the Nelhart district of Montana.

The option which the company had obtained on all of the stock of the Porphyry Dike Gold Mining Co., which owns a large low-grade gold property in the Rimini mining district near Helena, Mont., has been extended to the end of the current year.

In July 1915 an agreement was entered into with the Butte Copper & Zinc Co., owner of the Emma Mine in the Butte district. Under this agreement an option was taken upon 88,300 shares of the treasury stock of the company, and a 5-year lease on the property was given to your company, in consideration of certain repair and development work.

PROFIT AND LOSS ACCOUNT OF ANACONDA COPPER CO. FOR YEARS ENDING DECEMBER 31.

Table with columns for 1915, 1914, 1913, and 1912. It details receipts (sales, royalties, income) and disbursements (metals, mining, ore, transport, administrative costs).

* After deducting depreciation in 1913 and 1912.

BALANCE SHEET DECEMBER 31.

(Incl. assets and liabilities of subsidiary companies owned.)

Table with columns for 1915 and 1914, split into Assets and Liabilities. Assets include mines, buildings, and inventory. Liabilities include capital stock, accrued taxes, and dividends payable.

—V. 102, p. 1348, 1061

American Beet Sugar Co., New York.

(Report for Fiscal Year ending March 31 1916.)

Pres. H. Riemann Duval, N. Y., April 29, wrote in subst.:

Las Animas Sugar Co.—The American Beet Sugar Co. has supplied the Las Animas Sugar Co. \$810,642, being the amount requisite to liquidate the bonds. The Riverside Land & Canal Co., owner of the stock of the Las Animas Sugar Co., the lands and factory of which will thus be free of incumbrance, will, in due time, be liquidated, and their assets, factory and lands and canal be merged in the American Beet Sugar Co.

Market Review.—Of the 1914-15 domestic beet-sugar production of 14,500,000 bags, 5,500,000 bags, or 38%, were unsold by producers April 1 1915, a quantity inadequate for normal requirements Chicago and West to Aug. 1, when the new California production becomes available for shipment.

A cold spring and summer during the usually heaviest season of demand resulted in a reduced consumption of sugar, estimated for the entire country to Sept. 1 at 225,000 tons below normal. Under this influence, and in the absence of the anticipated heavy European demand, the New York refined market, which, April 1 1915, was \$5.90 basis, May 5, \$6, remaining about stationary until the latter part of July, started on an almost uninterrupted downward course until October, closing July \$5.70, August \$5.50, September \$4.90.

The estimated increase in the domestic beet production from 846,000 tons 1914-15 to 780,000 tons 1915-16, and in the Cuban crop from 2,600,000 tons to 3,150,000 tons for the corresponding years, together with the belief that the effect of free sugar May 1 1916 would be felt some months prior to that time, as in 1913, combined to cause the producers of beet sugar to seek markets extending finally to the Atlantic seaboard, thus bringing about a nation-wide distribution of their product.

In Oct. 1915 the then rather indefinite probability of the repeal of the Free Sugar Bill (compare bill not yet signed, V. 102, p. 1581), coincident with the general forced replenishing by the trade of stocks which had become greatly depleted, brought about an improvement in the market, which, by the end of October, had recovered to \$5.35 basis, November \$6, and early in December \$6.15, declining to \$5.75 basis New York before the middle of January.

Beet-sugar producers gradually narrowed their distributive territory, this company withdrawing from the East by Dec. 1, with total sales over the entire country to that time of 1,299,302 bags, leaving 912,234 bags to be sold in the Western markets. By Dec. 31 1915 6,300,000 bags of beet sugar, or 36% of the entire production of 17,500,000 bags had been sold, compared with 4,000,000 bags, or 28% of the preceding year's production of 14,500,000 bags.

At March 31 1916 unsold stocks of beet sugar in first hands were reduced to about 2,500,000 bags, as compared with 5,500,000 bags on March 31 1915. This limited supply is now being distributed gradually in Western territories, and will be practically exhausted before the next California production is ready for the market.

The Commercial Times.

COMMERCIAL EPITOME

Friday Night, May 12 1916.

Trade continues active. At the East business is not quite so brisk, but the transactions of the country at large are still enormous. The jobbing trade is excellent. Sales for the fall and winter trade are large. Wheat crop reports are on the whole more favorable than they were some weeks ago, though it is true that the loss of acreage by winter killing, 4,200,000 acres, has not often been equaled in the last fifteen years. Big producers of steel have nearly 10,000,000 tons of unfilled orders to meet, and new business is of fair proportions, even if not so large as recently. Copper is in big demand from England. Large sales of raw silk are being made at rising prices. A rising price of silver ought to help Oriental trade. The sales of textiles, boots and shoes and a hundred other manufactures are large enough to excite comment. Shipbuilding is active. Our foreign sales of meats, manufactured goods and munitions are notable. But there are undoubtedly some drawbacks. The winter-wheat crop is apparently 150,000,000 bushels short of last year. Cotton exports are still poor. Building has been restricted by the backwardness of the season, high prices of materials and the fear of labor troubles. In many parts of the country labor is restive. Drought prevails in the Southern Atlantic States and also in the Southwestern grain country. And there are some signs that the upward movement of prices has perhaps been halted at least for the time being. And now that relations with Germany are more satisfactory, the Mexican situation is threatening, with at least a possibility of intervention sooner or later. Meanwhile, the business pace in this country, it is gratifying to observe, is as a rule more conservative.

LARD active and again higher; prime Western 13.25c.; nominal; refined to the Continent 14.45c.; South America 14.65c.; Brazil 15.65c. Futures have been irregular, advancing at times, however, on good buying by commission houses; but on bulges packers have been sellers. To-day prices advanced and then reacted.

DAILY CLOSING PRICES OF LARD FUTURES IN CHICAGO.

Table with columns: Sat., Mon., Tues., Wed., Thurs., Fri. and rows for May delivery, July delivery, September delivery.

PORK in moderate demand; mess \$25 50@\$26; clear \$23@\$26. Beef, mess, \$17 50@\$18; extra India mess, \$29@\$30. Cut meats in fair demand; pickled ham, 10 to 20 lbs., 16@17 1/2c.; pickled bellies, 15@16 1/2c. Butter, creamery, 28@32c. Cheese, State, 15@19 1/2c. Eggs, fresh, 17@25c.

COFFEE quiet; No. 7 Rio, 9 3/4c.; No. 4 Santos, 10 1/2@10 3/4c.; fair to good Ceuca, 11 3/4@12 1/4c. Futures advanced on peace talk and light receipts at primary points. Shorts have been covering. Trading, however, both speculative and legitimate, has been light, pending decisive developments of some sort. It is noticed, too, that when peace talk subsides prices show a tendency to react. To-day futures closed 1 to 2 points higher, with sales of 27,750 bags.

Closing quotations were as follows:

Table with columns: May, June, July, August and rows for various commodities like sugar, oil, etc.

SUGAR in good demand; centrifugal, 96-degrees test, 6.39@6.52c.; molasses, 89-degrees test, 5.62@5.75c.; granulated 7.65@7.75c. Futures have declined. Refiners have been holding off for the ending of the harbor strike. Receipts are quite liberal. But the sixty-nine mills in Cuba have now finished their crops, which to some looks to be only about 6% larger than that of last year. Guesses on the Cuban sugar crop range from 2,750,000 to 3,000,000 tons. There has been some further demand from Europe for granulated. Italy and Switzerland want supplies. Stocks at Atlantic ports are 157,610 tons against 135,170 in the previous week and 329,066 in 1915. To-day futures closed 7 1/2 to 13 points lower with sales of 11,300 tons. Prices follow:

Table with columns: May, June, July, August and rows for various commodities like oil, etc.

OILS.—Lined quiet; City, raw, American seed, 74@78c.; City, boiled, American seed, 75@79c.; Calcutta, 90c. Lard, prime, 1.10c. Coconut, Cochin, 17@18c.; Ceylon, 16 1/2@17c. Corn, 9 3/4c. Palm, Lagos, 15@16c. Cod, domestic, 62@63c. Cottonseed, winter, 11c.; summer white, 11c. Spirits of turpentine, 42c. Strained rosin, common to good, \$4 50.

PETROLEUM active and firm; refined in barrels \$8 95 @ \$9 95; bulk, \$5 25 @ \$6 25; cases, \$11 25 @ \$12 25. Naphtha, 73 to 76 degrees, in 100-gallon cases and over, 41 1/2c. Gasoline, gas machine, steel, 37c.; 73 to 76 degrees, steel and wood, 32@35c.; 68 to 70 degrees, 29@32c. Closing prices have been as follows:

Table with columns: Pennsylvania dark, Cabell, Mercer black, New Castle, Cording, Wooster and rows for various commodities like oil, etc.

TOBACCO.—Low grades of leaf are in demand for export to Holland and prices are firm, with supplies none too large. At the same time there is no very great demand from the home trade for binder and filler. Firmness of prices keeps buying within very moderate bounds. The better grades of

tobacco, however, are so scarce that holders are plainly indisposed to give way. Sumatra is in good demand, with imports from Holland larger. Havana is steady but rather quiet.

COPPER in brisk demand and higher. Lake here on the spot 30@31c.; electrolytic 30@31c.; for future delivery 28 1/2 @29c. London has been advancing. England wants copper in this country, as prices there have latterly been rising. Tin lower and quiet on the spot at 49c. London declined. Arrivals at foreign ports, 1,048 tons; afloat, 4,000 tons. At Singapore prices have declined sharply. To-day at the Metal Exchange here prices advanced 25 points. Spelter dull and lower on the spot at 17c. Offerings are larger. London has latterly remained unchanged. Lead higher on the spot at 7.40c. Strikes are expected in parts of Missouri. Some big concerns have advanced wages, however, and trouble, so far as they are concerned, may thus be averted. But the hands of one company have already struck. To-day at the Metal Exchange here prices advanced 10 points. Pig iron quiet but firm, closing with a better inquiry. No. 2 Philadelphia \$20 50@\$21; No. 2 Southern \$15@\$16, Birmingham. Italy has bought 10,000 tons of Bessemer at Youngstown. Ohio bought 20,000 tons of basic. Eastern trade is light. Steel has been in steady demand, but it is not so urgent as recently. Prices show less tendency to advance. In fact, there is some slight weakness in semi-finished steel. For ingots from steel foundries \$40 has been accepted at Pittsburgh. In some cases No. 28 black sheets have advanced to 3 cents, but 2.90c. is still a figure at which business, it is stated, can be done. For export 150,000 tons of shell steel were sold the other day, mainly, it is intimated for Russia, Italy and France. Wire products are in good demand from Europe. For blooms \$80 to \$85 has been paid by exporters; rounds 3.50 to 3.75c.

COTTON

Friday Night, May 12 1916.

THE MOVEMENT OF THE CROP, as indicated by our telegrams from the South to-night, is given below. For the week ending this evening the total receipts have reached 83,081 bales, against 97,583 bales last week and 99,812 bales the previous week, making the total receipts since Aug. 1 1915 6,418,531 bales, against 9,929,162 bales for the same period of 1914-15, showing a decrease since Aug. 1 1915 of 3,510,631 bales.

Table with columns: Sat., Mon., Tues., Wed., Thurs., Fri., Total. and rows for Galveston, Texas City, Port Arthur, etc.

The following shows week's total receipts, total since Aug. 1 1915 and stocks to-night, compared with last year:

Table with columns: Receipts to May 12, 1915-16, 1914-15, Stock 1916, 1915. and rows for Galveston, Texas City, etc.

* 29,004 bales added as revision of receipts since Aug. 1. In order that comparison may be made with other years, we give below the totals at leading ports for six seasons:

Table with columns: Receipts at—, 1916, 1915, 1914, 1913, 1912, 1911. and rows for Galveston, Texas City, etc.

THE VISIBLE SUPPLY OF COTTON to-night, as made up by cable and telegraph, is as follows. Foreign stocks, as well as the afloat, are this week's returns, and consequently all foreign figures are brought down to Thursday evening. But to make the total the complete figures for to-night (Friday), we add the item of exports from the United States, including in it the exports of Friday only.

Table with columns for dates (1916, 1915, 1914, 1913) and rows for various stock locations (Liverpool, London, Manchester, etc.) and supply types (Total European, Total American, etc.).

*Estimated.

Continental imports for past week have been 67,000 bales. The above figures for 1916 show a decrease from last week of 219,932 bales, a loss of 2,191,333 bales from 1915, a decrease of 253,856 bales from 1914 and a gain of 309,851 bales over 1913.

AT THE INTERIOR TOWNS the movement—that is, thereceipts for the week and since Aug. 1, the shipments for the week and the stocks to-night, and the same items for the corresponding period of the previous year—is set out in detail below.

Table showing movement to May 12 1916 and May 14 1915 for various towns, with columns for Receipts, Shipments, and Stocks.

The above totals show that the interior stocks have decreased during the week 48,352 bales and are to-night 50,045 bales more than at the same time last year. The receipts at all towns have been 1,479 bales more than the same week last year.

OVERLAND MOVEMENT FOR THE WEEK AND SINCE AUG. 1.—We give below a statement showing the overland movement for the week and since Aug. 1, as made up from telegraphic reports Friday night. The results for the week and since Aug. 1 in the last two years are as follows:

Table comparing 1915-16 and 1914-15 movements, including rows for May 12 Shipped, Deduct shipments, and Leaving total net overland.

* Including movement by rail to Canada.

The foregoing shows the week's net overland movement has been 26,497 bales, against 32,588 bales for the week last year, and that for the season to date the aggregate net overland exhibits an increase over a year ago of 26,966 bales.

Table showing In Sight and Spinners' Takings for 1915-16 and 1914-15, including Receipts at ports to May 12 and Interior stocks in excess.

* Decrease during week.

Movement into sight in previous years:

Table showing movement into sight in previous years for weeks 1914-May 15, 1913-May 16, and 1912-May 17.

NEW ORLEANS CONTRACT MARKET.—The highest, lowest and closing quotations for leading contracts in the New Orleans cotton market for the past week have been as follows:

Table showing New Orleans contract market quotations from Saturday, May 6 to Friday, May 12, with columns for Range, Closing, and Tone.

WEATHER REPORTS BY TELEGRAPH.—Our telegraphic reports this evening from the South indicate that dry weather has been very general during the week, rain having fallen at very few points and insignificant in amount. In some localities moisture is claimed to be needed. Temperature, on the other hand, has been more satisfactory and on the whole cotton, where up, is growing well.

Gabeston, Tex.—The weather during the week was more favorable to growing crops, temperatures being about normal, with very little precipitation. Farm work is making satisfactory progress. Dry here all the week, and of the other stations only an insignificant rainfall reported at Abilene.

Abilene, Tex.—There has been rain on one day during the week, the rainfall being one hundredth of an inch. The thermometer has averaged 77, the highest being 98 and the lowest 56.

Brenham, Tex.—The thermometer has averaged 76, ranging from 62 to 90.

Cuero, Tex.—The thermometer has ranged from 56 to 94, averaging 75.

Fort Worth, Tex.—Minimum thermometer 64, maximum 92, mean 76.

Henrietta, Tex.—The thermometer has averaged 75, the highest being 92 and the lowest 58.

Huntsville, Tex.—The thermometer has averaged 76, ranging from 64 to 88.

Kerrville, Tex.—The thermometer has ranged from 54 to 88, averaging 71.

Lampasas, Tex.—Average thermometer 73, highest 90, lowest 56.

Longview, Tex.—The thermometer has averaged 70, the highest being 88 and the lowest 52.

Luling, Tex.—The thermometer has averaged 77, ranging from 60 to 94.

Nacogdoches, Tex.—The thermometer has ranged from 58 to 86, averaging 72.

STATE AND CITY DEPARTMENT.

MUNICIPAL BOND SALES IN APRIL.

We present herewith our detailed list of the municipal bond issues put out during the month of April, which the crowded condition of our columns prevented our publishing at the usual time.

The review of the month's sales was given on page 1733 of the "Chronicle" of May 6. Since then several belated April returns have been received, changing the total for the month to \$83,719,268. The number of municipalities issuing bonds was 341 and the number of separate issues 498.

APRIL BOND SALES.

Table with columns: Page, Name, Rate, Maturity, Amount, Price. Lists various municipal bond issues across multiple pages.

Table with columns: Page, Name, Rate, Maturity, Amount, Price. Continuation of municipal bond sales data from the previous page.

Education may, after any such appropriation and within the amount thereof, make contracts notwithstanding that the moneys appropriated are not in hand. The taxes when collected, or the proceeds of permanent bonds when issued, shall be applied to the payment of the principal of such notes or temporary loan bonds and the interest thereon shall be raised in the annual tax levy. Said notes or temporary loan bonds shall be general obligations of the municipality.

(2) In case the issuance of permanent bonds is postponed under this section 2, the aggregate face amount thereof which may be issued for any purpose or purposes shall not exceed the aggregate face amount of the notes or temporary loan bonds issued and outstanding therefor, together with the amount, if any, certified by the Board of Education to be required for such purposes in addition to amounts theretofore paid by the municipality, and in no case shall exceed the appropriations. The permanent bonds may be issued for any number of different purposes and for which separate appropriations may have been made.

Sec. 2. (1) Whenever the legal voters of any school district pursuant to section 07 of the Act to which this is a supplement have authorized the Board of Education to issue bonds (hereinafter in this section called "permanent bonds"), such Board may issue promissory notes or temporary loan bonds in anticipation of the issuance of permanent bonds. Such notes or temporary loan bonds may be issued from time to time as the money is required for the purposes for which the permanent bonds are authorized. It shall be the duty of the Board of Education to issue the permanent bonds and to apply the proceeds thereof to the payment of the principal of such notes or temporary loan bonds.

(2) The Board of Education shall not issue a greater face amount of the permanent bonds authorized than the amount of the cost, as determined by resolution, of carrying out the purposes for which such permanent bonds were authorized and to pay the notes and temporary loan bonds issued in anticipation thereof under this section 2, and in such case, if the permanent bonds authorized have different maturities, those issued shall have the earliest maturities.

(3) In case the Board of Education shall not provide for the payment of the principal of the notes and temporary loan bonds issued under this section 2, by the issuance of permanent bonds, the principal of such notes or temporary loan bonds, and, in any case, the interest upon such notes or temporary loan bonds shall be paid out of the proceeds of taxation, as follows: The District Clerk of the school district shall, each and every year, issue to the Assessor of the taxing district in which such school district shall be situate an order directing him to assess upon the owners of the property in said taxing district and their estates, and the taxable property therein, an amount sufficient to pay such principal of notes or temporary loan bonds maturing in such year, together with the interest accruing upon all the unpaid notes or temporary loan bonds of such district, which order, so issued as aforesaid, shall be duly executed by said Assessor, and the moneys so assessed shall be levied and collected by the collector of said taxing district, who shall, on or before the fifth day of January next thereafter, pay the full amount so ordered to be assessed, levied and collected to the custodian of the school moneys of said school district, who shall, upon the receipt of the orders of the Board of Education, signed by the President and attested by the District Clerk (which orders shall state at what bank the said principal and interest shall be payable), deposit in such bank the sum of money necessary to pay the principal and interest as they shall become due and payable.

(4) The Board of Education may, within the authority conferred by the legal voters, make contracts notwithstanding that the moneys to be raised therefor by the issuance of notes or temporary loan bonds or permanent bonds are not in hand.

Sec. 3. The notes and temporary loan bonds issued under section 1 and section 2 hereof shall mature in not exceeding one year, and may be renewed from time to time by similar notes and temporary loan bonds, provided the renewal notes or temporary loan bonds shall mature in not exceeding three years from the date of the original notes or temporary bonds for the renewal of which they are issued.

Sec. 4. This Act shall take effect immediately.
Approved March 16 1916.

New York City.—Mayor Acts on Proposed Temporary Financial Relief Measures.—Mayor Mitchell on May 5 approved the measure providing for the incorporation in the city charter of the pay-as-you-go policy begun by the city two years ago, and on May 10 rejected the bill gradually changing the date at which taxes become due in each year from May 1 and Nov. 1 to Jan. 1 and July 1. Public hearings were held in the Mayor's office on May 3 and 4, and very strong opposition to both of these measures came from taxpayers all over the city. In signing the pay-as-you-go proposition the Mayor is reported as saying that he had two purposes in view—one to reduce the city's bonded indebtedness which now calls for a debt service of \$63,000,000 in each year's budget, and the other to put a check on expensive improvements which the city in its present financial condition cannot afford. In vetoing the change in the tax date bill the Mayor said:

The plan of this bill in advancing the date for the payment of taxes four months, intended that the burden of the advance was to be spread over four years, the due dates being Jan. 1 and July 1, the date of collection being advanced gradually, one month each year. The terms of most mortgages, however, provide that all taxes must be paid when due. This was not provided against in the bill.

As the bill is now drawn, mortgagees would be required to pay their taxes four months in advance at once, whereas owners of unincumbered property would have the date of taxpaying advanced one month each year. This would entail such hardship on the owners of unincumbered property that it would be my duty to return the bill disapproved for this reason alone.

The State Tax Commission vigorously opposed this bill because of the manner in which the plan of advancing the date of paying taxes has been carried out, on the ground that the dates do not conform to the dates for the reports now required of owners of special franchises. President Saxe declares that litigation would almost inevitably result in greater volume and prompt collections of special franchise taxes be endangered.

As already reported in the "Chronicle" of April 29, page 1643, the 1916 Legislature approved twelve of the temporary financial relief measures introduced by Senator Brown. The two referred to above being amendments to the city charter had to be submitted to the Mayor before going to the Governor for his approval or veto. Both of these measures are now before the Governor. Of the other ten propositions, four have been approved by both the Mayor and Governor and are now laws. They are:

Providing that an additional excise tax be divided between State and City. Giving the Board of Estimate control over the expenditures of the Court-House Board.

Abolishing the separate jails in New York City for persons confined under civil process and giving the Department of Correction control over civil prisoners, now under the jurisdiction of the Sheriff.

Abolishing State aid for the maintenance of county roads.

The Mayor has also approved the following:

Making the expenses for all the regulative work of the Public Service Commission for the First District a charge against the State instead of against the city.

Making the Sheriff's office in New York County a salaried office and providing that Sheriff's fees shall go into the City Treasury.

The proposition providing for a referendum on the question of whether the city authorities shall have complete control of salaries of city employees such as firemen and policemen, whose salaries and working conditions at present are regulated by statute, has been vetoed by the Mayor.

New York State.—Savings Bank Investment Law Amended.—On May 1 Governor Whitman approved an Act (Chapter 363) passed by the 1916 Legislature, amending Section 239 of the Banking Law in relation to investments by savings banks in New York State. The portion of the law amended is sub-division 8, which, together with subdivision 9 relate to promissory notes and real estate, in which investments may be made. The amendment just adopted also adds to the Banking Law a new paragraph to be known as sub-division 10 and allows the investment by savings banks in the bonds of the Land Bank of the State of New York. Below we print the new Act in full, italicizing the new matter, while the portion eliminated we place in full face brackets.

AN ACT

To amend the Banking Law in relation to investments by savings banks. The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Subdivision eight of section two hundred and thirty-nine of chapter three hundred and sixty-nine of the laws of nineteen hundred and fourteen, entitled "An Act in relation to banking corporations, and individuals, partnerships, unincorporated associations and corporations under the supervision of the Banking Department, constituting chapter two of the consolidated laws," is hereby amended to read as follows:

8. (a) Promissory notes payable to the order of the savings bank upon demand, secured by the pledge and assignment, if necessary, of the stocks or bonds or any of them enumerated in subdivisions one, two, three, four, five and ten of this section or by the railroad bonds or any of them mentioned and described in subdivision seven of this section, but no such loan shall exceed ninety per centum of the cash market value of such securities so pledged. Should any of the securities so held in pledge depreciate in value after the making of such loan, the savings bank shall require an immediate payment of such loan or of a part thereof or additional security therefor, so that the amount loaned thereon shall at no time exceed ninety per centum of the market value of the securities so pledged for such loan.

(b) Promissory notes made payable to the order of the savings bank upon demand by a savings and loan association of this State which has been incorporated for three years or more and has an accumulated capital of at least fifty thousand dollars.

Sec. 2. Section two hundred and thirty-nine of such chapter is hereby amended by inserting at the end of paragraph c of subdivision nine, a new subdivision, to be subdivision ten thereof, to read as follows:

10. Bonds of the land bank of the State of New York.

Sec. 3. This Act shall take effect immediately.

Oklahoma (State of).—Taxing of State Building Bonds Argued in Supreme Court.—The Supreme Court heard arguments on May 2, according to the "Oklahoman," in the case involving the taxability of about \$2,500,000 of State building bonds which are held by a number of banks throughout the State. The State Board of Equalization in 1915 attempted to tax the bonds which were issued in 1911, but the banks resisted and appealed to the Supreme Court. It is said that a decision is not expected until late in the summer.

Providence, Ky.—Bond Election Upheld.—We are advised by the City Attorney that the Circuit Court holds valid the election held on March 18, when \$15,000 school-addition bonds were voted.

Pulaski County (P. O. Somerset, Ky.)—Validity of Road Bonds Upheld.—The Court of Appeals on May 6 handed down an opinion upholding the \$300,000 4½% road-construction bonds awarded jointly on March 29 to Seasongood & Mayer and the Fifth-Third National Bank, both of Cincinnati (V. 102, p. 1469). One of the objections raised against the issuance of these bonds was that they were defeated at the election held in December last, as they did not carry by a two-thirds majority. As stated by us last week (page 1733) under "State of Kentucky," the Court of Appeals on March 24 ruled in cases concerning other counties that all that was required to authorize an issue of road bonds according to Section 157a which is an amendment to the Constitution, is a majority vote.

Saskatchewan, Province of.—Description of Debentures.—The \$1,000,000 5% debentures awarded recently to the Provident Savs. Bank & Trust Co. of Cincinnati are in the denomination of \$1,000 and bear date of May 1 1916—V. 102, p. 1735. Int. M. & N. Due \$500,000 May 1 1921 and \$500,000 May 1 1926.

Vienna, Austria.—Treasury Note Call.—On May 15 an issue of 60,000,000 marks 4½% Treasury notes of 1913 will become due. Zimmermann & Forsyth of N. Y. announces that they are prepared to redeem them for cash at the rate of exchange of the day, or exchange same for new 5% Treasury notes of the City of Vienna, also in German currency due in five years.

Wyandotte County (P. O. Kansas City), Kan.—Application for Injunction Dismissed.—The County Attorney writes us under date of May 10 that the application for an injunction filed in the District Court on April 1 to prevent the sale of the \$600,000 4¼% bridge bonds awarded on March 30 to the Fidelity Trust Co. of Kansas City, Mo., Kean, Taylor & Co. of Chicago and the Mississippi Valley Trust Co. of St. Louis (V. 102, p. 1375) "has been dismissed, and there does not now exist any legal obstacle to the registration and sale of these bonds."

Bond Proposals and Negotiations this week have been as follows:

ABILENE, Dickinson County, Kan.—BOND OFFERING.—Proposals will be received until 10 a. m. May 15 by J. L. Worley, City Clerk, for \$12,000 4½% 20-yr. coupon and res. tax-free park bonds. Denom. \$1,000. Date July 1 1916. Int. J. & J. at the State Treas. office. Cert. check for \$200, payable to the city, required. Bonded debt, including this issue, \$390,669 50. No floating debt. Assess. val. 1915, \$4,718,836.

ADA COUNTY (P. O. Boise City), Idaho.—BOND OFFERING.—Proposals will be received until 10 a. m. May 22 by Stephen Utter, Clerk Bd. of Co. Commrs., for the \$200,000 coupon road and bridges construction bonds not exceeding 6% int. Auth. Sec. 882b, Rev. Codes of Idaho, 1901, page 157, and Sec. 1962, Rev. Codes of Idaho; also vote of 4,108 to 1,447 at the election held April 25. Denom. \$1,000, \$500 or \$100, as purchaser may desire. Int. J. & J. at the Co. Treas. office, or at such bank in N. Y. City as may be designated by said Board. Due \$20,000 yearly. be-

CHESLEY, Ont.—DEBENTURE OFFERING.—H. S. Anderson, Town Clerk, will receive bids until 8 p. m. May 15 for an issue of \$22,500 5 1/2% electric debentures, it is reported.

DUNDAS, Ont.—RESULT OF DEBENTURE ELECTION.—At the May 2 election the proposition to issue the \$4,500 cement-sidewalk debentures carried, while the \$55,995 sewer, \$22,071 storm-sewer and \$18,000 high-school debentures were defeated.—V. 102, p. 1561.

DUNDURM SCHOOL DISTRICT NO. 344, Sask.—DEBENTURE SALE.—H. O'Hara & Co. of Toronto purchased during April an issue of \$12,000 6% bid. debentures. Date May 1 1916. Due from 1917 to 1936.

EAST END, Sask.—DEBENTURE SALE.—During April an issue of \$6,000 8% debentures was purchased by H. O'Hara & Co. of Toronto. Date May 1 1916. Due from 1917 to 1926.

GRAVENHURST, Ont.—DEBENTURE SALE.—The \$2,500 8% street-lighting debentures which were voted during January—V. 102, p. 547—have been purchased by R. C. Matthews & Co. of Toronto, it is stated.

HESPELER, Ont.—DEBENTURE SALE.—On May 3 the \$10,750 5 1/4% 20-installment town-hall debentures recently voted were awarded to W. L. McKinnon & Co. of Toronto, it is stated.—V. 102, p. 1561.

HULL, Que.—DEBENTURE ELECTION.—The voters will have submitted to them on May 29 a by-law providing for the issuance of \$146,000 local-improvement debentures, it is said.

LONDON, Ont.—DEBENTURE SALE.—An issue of \$39,000 5% debentures, falling due July 31 1918, was purchased by the Dominion Securities Corporation of Toronto during April.

MANITOBA SCHOOL DISTRICTS.—DEBENTURE SALES.—Several issues of 7% school district debentures, aggregating \$12,400, were purchased by H. O'Hara & Co. of Toronto during April. Due in 10 and 15 annual installments.

MONTREAL NORTH, Que.—DEBENTURE SALE.—On April 29 an issue of \$125,000 6% 40-year debentures was purchased by Hanson Bros. of Montreal, it is reported.

PORTAGE LA PRAIRIE, Man.—DEBENTURES VOTED.—The Burgesses on April 27 defeated the by-law providing for the issuance of \$64,500 school debentures, it is said.

PORT OF ALBERNI, B. C.—DEBENTURE SALE.—An issue of \$10,000 6% debentures maturing July 2 1924 was purchased during April by C. H. Burgess & Co. of Toronto.

REDCLIFF, Alta.—DEBENTURE SALE.—An issue of \$3,000 6% street lighting debentures was purchased by H. O'Hara & Co. of Toronto during April. Date Dec. 1 1914. Due in 1929.

ST. CATHERINES, Ont.—DEBENTURES AUTHORIZED.—Newspaper reports state that the Council has passed a by-law providing for the issuance of \$84,000 hydro-electric debentures.

ST. CUNEGONDE AND ST. HENRY PROTESTANT SCHOOL DISTRICT, Que.—DEBENTURE OFFERING.—Proposals will be received until 9 a. m. May 18 by D. R. Kennedy, Sec.-Treas. (P. O. 1005 Dorchester St. West, Montreal), for \$25,000 6% 25-year school debentures. Demom. \$1,000. Int. J. & J. at the Bank of Montreal, Montreal.

SASKATCHEWAN, Province of.—DESCRIPTION OF DEBENTURES.—See under "News Items" on a preceding page.

SASKATOON, Sask.—DEBENTURE SALE.—On April 21 this city offered for sale an issue of \$160,000 5% 30-year sinking fund or serial (as desired) debentures (V. 102, p. 1375). As an alternative to the above, bids were also considered for one and three-year treasury bills. The following bids were received, of which Wood, Gundy & Co. was successful, it is stated (see V. 102, p. 1743):

Table with columns: Debentures, Sinking Fund Plan, Annuity Plan, Offer, Price, Yield, Net. Lists bids for Wood, Gundy & Co., A. H. Martens & Co., Sidney Spitzer & Co., etc.

* This offer is in respect to \$130,000 only and bills bearing interest at 6%.

SHAWENEGAN FALLS, Que.—DEBENTURE SALE.—The Dominion Securities Corp. of Toronto recently purchased at 93.77 an issue of \$150,000 5 1/2% 30-year debentures, it is stated. Newspaper dispatches stated that these debentures were to have been offered on May 19.—V. 102, p. 1471.

SIMCOE, Ont.—DEBENTURE ELECTION.—An election will be held May 22, it is reported, to vote on the question of issuing \$20,000 5% 20-installment bonus debentures.

THOROLD, Ont.—DEBENTURE SALE.—According to reports, R. C. Matthews & Co. of Toronto have been awarded \$22,647 4 1/4% water debentures. Due in 1925.

VANCOUVER, B. C.—TREASURY CERTIFICATE SALE.—According to local newspaper reports, Spitzer, Korick & Co. of Toledo, Ohio, recently purchased \$1,700,000 6% treasury certificates, which have been issued against tax arrearages.

INSURANCE

ATLANTIC MUTUAL INSURANCE COMPANY

New York, January 26th, 1916. The Trustees, in conformity with the Charter of the Company, submit the following statement of its affairs on the 31st of December, 1915.

Table showing financial statements for Atlantic Mutual Insurance Company, including Premiums, Losses, and Expenses for 1915.

A dividend of interest of Six per cent on the outstanding certificates of profits will be paid to the holders thereof, or their legal representatives, on and after Tuesday the first of February next.

- TRUSTEES: EDMUND L. BAYLIES, JOHN N. BEACH, NICHOLAS BIDDLE, ERNEST C. BLISS, JAMES BROWN, JOHN CLAFIN, GEORGE C. CLARK, CLEVELAND H. DODGE, CORNELIUS ELBERT, RICHARD H. EWART, G. STANTON FLOYD-JONES, PHILIP A. FRANKLIN, HERBERT L. GRIGGS, ANSON W. HARD, SAMUEL T. HUBBARD, LEWIS CAISS Ledyard, WILLIAM H. LEFFERTS, CHARLES D. LEVERICH, GEORGE H. MACY, NICHOLAS F. PALMER, HENRY PARISH, WALTER WOOD PARSONS, ADOLF FAVENSTEDT, CHARLES A. PEABODY, JAMES H. POST, CHARLES M. PRATT, DALLAS B. PRATT, ANTON A. RAVEN, JOHN J. RIKER, DOUGLAS ROBINSON, WILLIAM JAY SCHIEFFELIN, SAMUEL SLOAN, WILLIAM STONE, LOUIS STERN, WILLIAM A. STREET, GEORGE E. TURNURE, GEORGE C. VAN TUYL, JR., RICHARD H. WILLIAMS.

Table with columns: ASSETS, LIABILITIES. Lists various assets like Bonds, Stocks, and liabilities like Estimated Losses, Premiums on Unterminated Risks.

NEW LOANS.

\$1,150,000

CITY OF KANSAS CITY, MISSOURI IMPROVEMENT BONDS

Sealed proposals will be received by the undersigned, the Mayor and the City Comptroller of Kansas City, Missouri, until JUNE 1, 1916, AT 10 O'CLOCK A. M., for the purchase of all or any part of the following-named bonds of the City of Kansas City, Missouri, in the following-named amounts:

- Kansas City Sewer Bonds, Second Issue—100,000 00
Blue River Sewer Bonds, Second Issue—200,000 00
Twelfth Street Viaduct Trafficway Connection Bonds—200,000 00
Public Parks, Parkways and Swope Park Bonds—100,000 00
Twenty-Third Street Trafficway Bonds—250,000 00
Chestnut Ave. Trafficway Bonds—25,000 00
Workhouses and Houses of Correction Bonds—75,000 00
Blue River Sewer Bonds—100,000 00
The Public Parks, Parkways and Swope Park Bonds bear interest at the rate of four per cent per annum; all of the other bonds bear interest at the rate of five and one-half per cent per annum.

GEORGE H. EDWARDS, Mayor of Kansas City, Missouri. EUGENE H. BLANK, Comptroller of Kansas City, Missouri.

B. W. Strassburger SOUTHERN INVESTMENT SECURITIES MONTGOMERY, ALA.