

About Things in General

What Is a German Mark Really Worth?

Analysis in Wall Street Magazine
Fixes its Present Value at One-Fifth of an American Cent.

Let us assume that the pre-war honest-to-goodness old mark was worth 23.8 cents. We must assume it, because the entire world accepted this valuation.

Every one knows that all the nations have increased their supply of currency since the war started, and that an increase in the currency without a corresponding expansion in production and exports means "inflation". Inflation really means a lessening of the buying power of money, because there is more money to go round, while commodities and production decrease in proportion. Consequently, it takes more money than before to buy a given quantity of anything, from sugar to coal, down to stocks and labor, and seemingly the latter must all go up. That gives the "inflated" country an air of prosperity, because every one gets more money to spend, wages are higher, and everything seems to have a tremendous value—that is to say, in terms of the inflated currency.

The principal balloonists of Europe so far as their currency is concerned, have been Russia and Germany. Most people, even "the man in the street," know the lack of value behind the Russian ruble, and those who wish to gamble in it are probably prepared to lose—as they almost surely will. But, the German "mark" has the prestige of a more organized and powerful nation behind it; a nation that is going to have the business and moral support of a dozen other nations because of their financial interest.

Employing simple arithmetic, the writer learns that the German Empire has multiplied its currency sixty-fold since the war began in August, 1914. The value of the pre-war mark was maintained by the simple expedient of stabilizing it by a large gold reserve; in other words, "pegging it" by purchases in new gold where the supply exceeded the demand. Big nations were always anxious to have their coinage have a standard fixed value, and they were careful to maintain a proper ratio of gold to paper currency. In plain language, each bill was really gold-lined by stocks of gold held in national treasuries, banks and other repositories of national wealth.

What happened to Germany's huge stock of gold behind its pre-war money—which was then real money—is easily accounted for by the demands of war. Gold was and is the one stable means of purchasing in any country and from any one. This reserve was undoubtedly drawn upon from time to time, until at present the stock is undoubtedly negligible in relation to the paper called "marks" that is outstanding against it.

FRAUDULENT FAILURES.

F. W. Stewart, Jos. Daoust and H. W. Austin, the trustees of the Fraudulent Failure Fund of the Merchant's Association, of Montreal, held a conference with the manager of the association, Mr. J. J. Fitzgerald, last week, and plans were outlined and the manager was given the necessary authorization to take vigorous action in connection with all cases of fraudulent failures brought to the attention of the association.

In other words, in place of a silver coin that had a standard of weight and fineness, backed by gold in national vaults, the mark is a proper token of debt, expanded sixty-fold, and with a mere trace of its former golden backing. It is doubtful if a hairline drawn on all the 1,000-mark bills in existence would show the gold applicable to any bill.

In the absence of official figures, it is conservative to figure the very modest loss of only one-half of Germany's gold reserves against its former currency. This cuts the intrinsic value in half, or a shrinkage of 11.9 cents, and we must forget the old par value of 23.8 cents until all the lost gold is replaced.

On top of this comes a sixty-fold increase in the amount of marks outstanding, without any corresponding increase in gold, wealth, commodities, territory or any "tangibles" to offset this inflation. Simple arithmetic demands the elimination of hopes; so dividing our depreciated 11.9 cent mark by 60, we set the new figure of .198 as its new value.

If our arithmetic is only approximately correct, and I believe I am very conservative in figuring these values, then the buyer of currency should be getting between $7\frac{1}{2}$ to 10 marks instead of 1 mark for each $1\frac{1}{2}$ -2 cents he now lays out.—Victor de Villiers in The Magazine of Wall Street.

TO STABILIZE EXCHANGE IN BRITAIN.

The Daily Chronicle's political correspondent says: "The British Government contemplates a measure next session to try to stabilize exchanges, Sir R. Horne is now conferring with representative men on the subject. The intention is that the measure should in no sense be one of protection. At the same time its effect no doubt would be to restrict, during a temporary period, imports of goods from countries where exchange is much down as in Germany or Austria. "One suggestion which is being examined is that the value of the goods imported from such countries should be priced at the pre-war value of their currency."

TWENTY-FOUR MORE CANADIAN SHIPS.

During the month of October twenty-one wooden vessels were added to the Canadian registry, as against three steel steam vessels. The 21 vessels, however, had a total gross tonnage of only 3,837 and net tonnage of 2,169, and comprised eleven sailing vessels of 1,614 gross tonnage, three steam vessels of 2,075 gross tons, and seven gas vessels of 148 gross tonnage. The three steel vessels had a gross tonnage of 14,248 and a net tonnage of 8,770, and all were built at ports in Canada.

The wooden vessels built in Canada of those added to the registry in October included six sailing vessels, two steam vessels of a total gross tonnage of 247, and five gas vessels. There were purchased from foreigners five sailing vessels, one gas vessel and one steam vessel of 1,829 gross tonnage.

The process goes on of eliminating from the registry vessels that have disappeared from actual participation in the business of the country for years. In October there were removed from the registry 57 sailing vessels of a total gross tonnage of 3,912, 31 steam vessels of 1,741 gross tons, and 16 gas vessels of 152 gross tons.

CANADA'S TRADE WITH GERMANY

If Germany is dumping quantities of goods of pre-war manufacture upon Canada there is no indication of it in the figures of direct trade. In the six months ended October 1st, the latest figures tabulated, imports from Germany totalled only \$553,181, made up mainly of dressed skins, muriate of potash and cotton fabrics with a wide range of other articles totalling small amounts. Toys and musical instruments which used to come extensively from Germany and Austria are not arriving this year. The two articles together make up only \$7,760 in the imports. It is suggested however that German-made goods may be shipped to England and re-shipped under the British Preference but it is very difficult to check this.

ALL THAT GERMANY CAN PAY

Payment by Germany of 100,000,000,000 marks in gold remains the basis upon which experts and delegates to the second financial conference, in session at Brussels, are working. This amount, although far below what was authorized by the Treaty of Versailles is considered by them collectable only on condition that Germany is helped along the lines suggested by the German delegates. Allied experts in secret individual reports, the substance of which has come to light, recognize Germany's real necessities, and delegates generally are impressed by arguments that Germany is an insolvent creditor who must be maintained as a going concern.

Montreal Harbor Shipping Figures

Actual Importance of Traffic Greater than that of Last Year.

Statistics just compiled by the Montreal Harbor Commission for the navigation season of this year show that the total number of trans-Atlantic ships which came into port was 638, a drop as compared with the total of last year, which was 702. But the tonnage this year totalled 2,020,519, as against 2,041,638 in 1919, indicating that the ships coming up the St. Lawrence this year were of greater size, so that the decreased tonnage was only a matter of 21,119 tons, or the equal of one trans-Atlantic liner. Further, the actual importance in the port's traffic was greater than of last year, since the total number of ships arriving here last year included in the 702 vessels, 229 ships built for the United States Shipping Board, with 120 of these same ships this year. As these vessels only came down from the Great Lakes en passage to New York with local cargoes for delivery to the U.S. Shipping Board, they are scarcely to be counted in the regular shipping traffic of the St. Lawrence. If, then, these are deducted from the totals, the number of commercial ships for this year would be 518, as against 473 for last year, while the total tonnage for this season would be 1,796,664, as against 1,657,083 tons in 1919.

Passenger traffic was brisk this year, but last year it was exceptional, owing to the fact that the work of repatriation of the troops was still in progress. In commerce also, in 1919, there were still various Government war contracts for food and other commodities in progress, which also helped to render traffic that season more than normal. The figures, for 1920 represent what may be regarded as the normal after-the-war traffic.

PIPE LINE FOR MACKENZIE RIVER OIL.

Conveyance of the oil products of the Mackenzie River basin to Behring Sea by pipe line, from whence it would be carried by tankers to the markets of the world, is an ambitious project for which sanction will be sought by a bill to be considered by Parliament at the approaching session. The proposed pipe line would be laid from the Mackenzie river to the Yukon river systems by way of Rat river and Bell river, thence by the Porcupine and Yukon rivers to salt water.

Dr. Alfred Thompson, member of Parliament for the Yukon states that the late William Ogilvie, at one time commissioner of the Yukon Territory, predicted a good many years ago that this method of getting oil from the Mackenzie river basin to the market would some day be adopted. Mr. Ogilvie's first mention of the matter was made in a report on McDougall Pass, written in 1887.