Financial And Commercial News And Notes

THE FINANCES OF GERMANY STRAINED TO BREAKING POINT

The Bourse is Idle and No Quotations Given in Papers.

THE INFLATION OF PAPER MONEY.

Hectic Glow of Which Press Hails as Sign of Prosperity, Only a Mark of Internal Disorder in the Body Politic.

(By Professor W. W. Swanson)

The economic and financial exhaustion of Germany will in the end do more to end the war than anything else. That being so, it is of the utmost importance to get at the real facts bearing upon the economic situation in that country, even although those facts are derived from German sources.

The Berlin correspondent of the New York Annalist reports that at the beginning of December the German labor market is improving in tone. Labor, he says, is finding readier employment, and in some branches of industry, like coal mining and the iron trade, there are complaints of a scarcity of workmen. Some of the big iron companies of the west have recently blown in furnaces that had been shut down when the war broke out.

It is probably true that work is fairly steady in the iron and steel and coal industries. An enormous number of men—at least 5,000,000—have been withdrawn from productive work and drafted into the army. There must be a fairly steady demand for iron and steel equipment to make good the destruction of property, especially to railroads, during the war; and the coal mines will be busy supplying fuel to the railroads, and the factories directly concerned in turning out war materials. And yet there are hundreds of thousands of men out of work in the textile, cutlery, earthenware and building trades. The hectic glow which German journalists hail as a sign of health and prosperity is nothing more than the mark of internal disorder and fever in the body politic.

Rush war orders will temporarily employ a great army of workers; but the building and other trades that depend for their prosperity upon the normal demands of the people are practically paralyzed. This, of course, is especially true of those lines of business which rely upon the demands of the foreign market.

The German Stock Exchange

The Bourse remains idle in the meanwhile, and the members daily assemble in Berlin to do a little private trading and discuss the military situation. It is very difficult to get at the course of prices in Berlin, as the newspapers do not quote prices. But it is known that the Imperial Three Per Cents dropped to 65 in November, after the retreat of the German and Austrian forces from the Vistula. The minimum quotation for this government security was 73.80 for the year 1913. The price has somewhat recovered since the military situation in the East has grown better for Germany. But the reverses of November can work such havoc with government debenture stock what will occur when the thunder of British and French guns is heard along the Rhine? The finances of Germany will collapse, and that for the reason that they are already strained to the breaking point.

An evidence of this is seen in the fact that both the Reichsbank and the Federal Council of the Empire have taken measures to prevent the selling of German Imperial Threes, when these bonds have been sent to Germany on English or French account. It has been charged that large packages of these bonds, bearing English and French stamps, are on deposit at the Rassenverein—the Stock Exchange Clearing House. The Reichsbank—the Imperial Bank of Germany—has announced that it will sever, permanently its business relations with firms who deal in such transactions. The Federal Council of the Empire then issued an edict, having the force of law, against dealing in Imperial or State bonds having an English stamp. It will be seen from this that the German Government and people are obliged to go to great lengths to guard against depreciation, as to the stability of prices of German Government securities.

The new German war loan will probably not be brought out until the Spring. In the meanwhile the Reichsbank is being called upon to meet the requirements of the government. German financiers estimate that the war is at present costing £7,000,000 a day as against $14,000,000 a day during the period of mobilization. That means that Germany is making a direct expenditure on the war of at least $200,000,000 per month, or $2,400,000,000 a year. Add to that the reduction in the national income due to the almost complete stoppage of foreign trade, and it will be seen that the Fatherland cannot continue to stand up under this terrific strain.

The Reserves of the Reichsbank.

The gold holdings reserves of the Bank of England, the Bank of France and the Imperial Bank of Germany were, on December 17, 1914, £73,414,000, 4,141,756,843 francs, and 2,018,931,000 marks respectively. Reduced to Canadian currency these sums are approximately:

Bank of England	$362,070,000
Bank of France	828,351,368
Reichsbank	504,732,750

The figures are dependable for France and England, but it is questionable whether the Imperial Bank of Germany has accumulated such a huge reserve since the outbreak of war. Its gold reserve grows from week to week. German financiers explain this growth in part to the fact that the Reichsbank is paying out no gold for domestic or foreign purposes, as specie payments have been suspended. It is said, too, that the people are voluntarily, and for patriotic reasons paying gold into the Reichsbank in exchange for government notes. But it is far more probable that they are hoarding the gold, and that the paper currency has already gone to a discount. In any event well-informed observers maintain that a great part of the so-called increase in the gold reserves of the Reichsbank is nothing more than paper, which has been discounted by the Bank, and which that institution has chose to regard as equivalent to so much gold. The hoarding process is undoubtedly proceeding in Germany. The Germans are no more patriotic than the French; and during the war of 1870 gold was hoarded in France.

In the week ending December 17, 1914, the note issue of the Reichsbank stood at $1,057,504,750—a large sum, but not in proportion to the reserve but not in proportion to the reserve that they are largely made up of gold.

Cut off from the money markets of the world, there are dark days in store for Germany. That country cannot increase its gold holdings by imports from abroad; and to continue to trade with neutral nations payments must be made, in part at least, in gold. The inevitable result must be inflated prices for what Germany needs at home and abroad. The cumulative effect of high prices and lack of employment will bring such economic pressure to bear upon the German people that the burden of the war will become intolerable. Hard times and increasing economic misery will do much to compel the war to an end.—Montreal Journal of Commerce.

David McNicoll

Weighty in counsel, reticent but observant, David McNicoll is one of those "men of vision" whose name will always be associated with the fortunes of the C.P.R. The announcement of his retirement from active executive work was not altogether a surprise. He had rendered long and signal service; he had advanced from one dignity to another; he had seen the system grow from the proverbial grain of mustard seed until it had covered a continent; he had a large share in the shaping of those high policies which gave character and prestige to the company, and it was only fair that after forty years hard work he should have a holiday.

"There is," writes one who knows him well, "a strong individuality in the manner of Mr. McNicoll. He might seem to bluff you; but as the pomegranate out in the middle shows the red vein of life and vitality, so if you could get beneath the surface you always found in Mr. McNicoll no small share of humanities. He does not wear his heart on his sleeve. He never utters the thoughtless word. He goes over plans and diagrams and details with a wonderful mastery. He grasps things, not with exuberance but with steadiness.

"He has the Scotch seriousness; but also the Scotch humor—dry, pawky, cropping out spontaneously and unexpectedly. It scorched sometimes, but mostly it is playful. Though of serious bearing and quiet dignity, the good story with a point in it finds him eager. He gave to his duties undivided attention, working early and late. From step to step he rose until he was associated with the system in its most influential period and policies, and through it all Mr. McNicoll remained the incarnation of simplicity. Ever in his younger days he gave himself to the cultivation of simplicity of life and habit, speech and manner. One recalls him in his shirt sleeves, in the old offices opposite Place D'Armes Square busy and eager as the moment when the company was commencing its career. If he could make a coup he would not announce it in any starting way; he loved to work on, unnoticed by the public. If a moment of confidence were given in respect of any large policy, there was not a word said about it.

"From Place D'Armes Square Mr. McNicoll went down to the old Albert Buildings on Victoria Square as passenger agent. In the Windsor Street offices the system began to show life and strength; and larger honors were awarded. The vision extended; a nebulous system took form and coherency; all the young men set themselves with zest in the saddle and the C.P.R. went forward by leaps and bounds. Mr. McNicoll has the coolest of temperaments. No one ever saw him excited. In the debates which took place in the various passenger associations, which he attended as representing the C.P.R., he spoke with a sort of grim quietness, but he gained his point. The officers of the C.P.R. will recall his keenness; the Board of Directors his quiet attentiveness to which the pointed remark gave emphasis; while the general public will always associate the growth and influence of the system with the name of David McNicoll."

World's Shipping News

CARAQUET SAILS

The steamer Caraquet sailed yesterday morning for Halifax and the West Indies.

The bark Pestalozzie which had been anchored in the harbor for some days went to sea yesterday morning.

SHIPPING T PORTLAND, MAINE.

(Bangor Commercial).

While only one English steamer is in Portland harbor at the present time there are no less than ten or a dozen bound that way, all of which are expected to arrive within the next two weeks, demonstrating that the unusual quiet that has settled around the Grand Trunk docks will not last very long.

Quite a bit of grain was taken from Portland last week, but this is nothing compared with what will be carried out within the next two weeks, and it is expected that the month of January in the grain department, at least, will be one of the best months of the season.

The general exports are exceedingly large and practically all of the steamers that have sailed from Portland harbor since the opening of the trans-Atlantic season have carried out goodly sized cargoes.

PORT OF ST. JOHN.

Sailed Sunday, Jan. 3.

Steamer Caraquet, Smith, West Indies via Halifax, Wm. Thomson & Co. Bark Pestalozzie, 970, England.

DOMESTIC PORTS.

Halifax, Dec. 31.—Sld stmr Chaudiere, Demerara via West Indian ports.

BRITISH PORTS.

Liverpool, Jan. 2.—Arrd stmr Dominion, Philadelphia.

Glasgow, Dec. 30.—Arrd stmr Ausonia, Hossack, New York; 31st, stmrs Athenia, Black, Baltimore and Newport News via Liverpool; Orthia, Morris, St. John, N. B.

Brow Head, Dec. 31.—Passed stmr Briardene, Faulkner, Parrsboro, N. S., for Manchester.

FOREIGN PORTS.

Havre, Dec. 28.—Arrd stmr Morwenna, Holmes, Sydney, C. B.

Perth Amboy, N. J., Dec. 31—Sld schr Lucia Porter, St. John.

Pensacola, Fla., Dec. 31.—Cld schr Charlevoix, Cuban ports.

Philadelphia, Dec. 21.—Arrd stmr West Point, London.

New York, Dec. 31.—Cld barks Annie, Wald, Pensacola; Sch, Jr, Smith, Newport.

Vineyard Haven, Dec. 31.—Arrd schrs Mayflower, Guttenburg; W N Zwicker, New York; Emily I White, Stonington.

Returned Dec 31, schrs B I Hazard, Baltimore for Portland; Mary A Hall, South Amboy for St. John, N B; St Maurice, New York for Windsor.

Portland, Dec. 31.—Arrd stmr Dalton, Fowey.

Sld Dec. 31, schrs C B Clark, New York; H H Chamberlain, do; Sunlight, Norwalk; Silver Spray, Plymouth; Ponhook, Salem.

Gloucester, Dec. 31.—Sld schr Charles C Lister, New York.

Norfolk, Dec. 30.—Sld schr L A Plummer, New York.

STOCK QUOTATIONS ON N.Y. EXCHANGE

(McDOUGALL & COWANS.)

	Open.	High.	Low.	Close.
Am Cop	51¾	52	51¾	51¾
Am Beet Sug	33¼	33	33¾	33¾
Am Loco				23
Am Smelt				56
Anaconda				25¼
Atchison				93
Am Can				26¼
Cons Gas				114
Lehigh Val	130¾	130¾	130¾	130¾
Miss Pac	7¾	8¾	7¾	8¾
NY NH and H	54¾	56	54¾	56
Nor Pac				100
Read Com	143¾	143¾	142¾	143¾
Sou Pac	82	82½	82	82½
Un Pac Com	115¾	116¾	115¾	116¾
U S Steel Com	49	49¾	49	49¾

BANK OF ENGLAND SHOWS UP STRONG

Statement for Last Week of Year Justifies Expectation of Reduction in Rate Early this Month.

New York, Dec. 31.—For the last week of the year the Bank of England's return may be described as one of remarkable strength. At 33.42 per cent. the proportion of reserve to liabilities loses a point on the week. It is, however, actually above the figure of four of the past ten years in the last week of December, and the average for that period was only 33.97 per cent.

Of course all signs fail in the present unprecedented world situation and comparisons are more than usually deceptive. But the steady return to normal is highly significant and encouraging.

The heavy transfer of public deposits to private deposits is usual at the end of the year, representing preparations for dividend disbursements, and probably some window dressing although that was mostly arranged for in the previous week. The net increase in loans is surprisingly small for the time of year, being under £3,000,000 making an indifferent comparison with the net gain in deposits, but one of small consequence.

The reserve shows the usual seasonal decline and a loss of £800,000 is by no means excessive at this time in normal year.

The loss of £885,000 in bullion is worth attention, especially if it indicates that the bank feels it can safely release gold for France, India or the Colonies.

Taken all round, this is so encouraging that a reduction in the bank rate is to be expected early in January, unless the war situation develops an unexpectedly disturbing phase. A reduction would be especially significant now, as the new figure would represent a real working rate and would indicate a useful and necessary control of the money market at a time when such control would have the highest significance in international credit.

BUSINESS SLOW IN NEW YORK MARKET

New York, Jan. 2.—Record breaking dullness attended the opening of the New Year on the Stock Exchange. In the course of today's two hour session only 25,000 shares were traded in, some of the prominent issues failing to appear at all. The undertone of leading stocks was barely steady, after opening with general declines.

The only notable changes were in some of the inactive specialties, Sears Roebuck gaining five points, with a six point loss for New York Air Brake. Shares of several of the automobile companies added to recent gains, while the Gould stocks showed more firmness.

Completion of the details connected with the $15,000,000 loan by local banking interests to Argentina was included in the small budget of general news, and rumors of further loans to celebrate credit at this centre for some of the European governments were revived.

Sentiment regarding the outlook in London, where market operations of a restricted character are to be resumed next Monday, was somewhat clouded by the latest disaster to the British navy. London bankers, according to private cables, were arranging for the purchase of 250,000,000 francs five per cent. French treasury bills.

These same advices suggested payments by Russia to Paris.

Local news included full time resumption of operations at the shops of the Southern Pacific and Northern Pacific railroads, and more November railway returns, the Penna Road showing a net loss of about $480,000 for its eastern lines, and $320,000 on the part of the system west of Pittsburg.

The weekly bank statement showed very few changes for this important period of the year, loans and the cash increase being comparatively nominal, with a $3,000,000 decrease of reserves.

Today's bond market was no less negligible than that for stocks. Total sales, par value, $551,000.

For the week United States government and Panama bonds gained from one-eighth to one per cent. on call.

PRODUCE PRICES ON MONTREAL MARKET

Montreal, Jan. 2.—CORN—American No. 2 yellow, 78 @ 78 1-2.

OATS—Canadian Western, No. 2, 60 1-2 @ 61, No. 3, 59 1-2; extra No. 1 feed, 60.

FLOUR—Manitoba spring wheat patents, firsts, $6.70; seconds, $6.20; strong bakers, $6.00; winter patents, choice, $6.00; straight rollers, $5.50 @ $5.60; straight rollers, bags, $2.60 @ $2.75.

MILLFEED—Bran, $25; shorts, $27; middlings, $30; moullie, $32 @ $36.

HAY—No. 2, per ton, car lots, $19 @ 20.

POTATOES, per bag, car lots, 55 @ 60.

CHICAGO GRAIN AND PRODUCE

Chicago, Jan. 2.—WHEAT—No. 2 red, 1.27 3-8 @ 1.29; No. 2 hard, 1.27 5-8 @ 1.29 1-2.

CORN—No. 2 yellow, 69 3-4; No. 3 yellow, 68 @ 69 1-2.

OATS—No. 3 white, 49 3-4 @ 50 1-2; standard, 51.

RYE—No. 2, 1.12.

BARLEY, 63 @ 75.

TIMOTHY, 6.00, 7.50.

CLOVER, 12.50 @ 15.00.

PORK, 1700; lard, 10.55; ribs, 9.62 @10.25

NEW YORK COTTON MARKET PRICES

	High.	Low.	Close.
Jan	7.75	7.75	7.78
March	7.95	7.85	7.92
May	8.15	8.00	8.12
July	8.30	8.15	8.25
Dec	7.60	7.60	7.65

WHEAT PRICES RULED HIGHER

Chicago, Jan. 2.—Wheat swept rapidly upward today, the market being bare of offers and responding very freely to purchase orders, which were affected to some extent by demand from domestic millers. The millers appeared to have finally concluded not to wait any longer for a lessening of export call. Unfavorable weather in Argentine counted further against the bear and so, too, did predictions of light world shipments. After opening 1-8 to 1-2 higher, the market rose in some cases 1 2-above the previous close.

STEAMSHIPS.

RAILWAYS.