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FINANCIAL EFFECTS OF VICTORIES.

The victories won in France by the allied armies must necessarily have an effect in improving the financial position of London, New York and Montreal. It is now practically demonstrated that the German strategists cannot succeed in their plan of destroying the French and British forces in the first few weeks of the war. Had they succeeded in doing so, it would have meant a long, discouraging struggle on the part of Britain and France to again build up strong resistance to the German military power in Western Europe, and consequently an exhausting drain on the financial resources of the French and Anglo-Saxon nations. So the developments of the past ten days, inasmuch as they tend to shorten the war, make decidedly for continued strengthening of our financial machinery and for gradual recovery of trade and commerce.

EFFECT ON GERMANY.

From the German point of view, the turn of events in France is disastrous in more than one respect. First it opens the probability of the transfer of the war to the soil of Germany not only as regards

Eastern Europe but also as regards Western Europe. That would necessarily lessen the ability of the Germans to maintain their financial strength. Again, the reports are that since the news of the retreat from Paris began to percolate through Germany the subscriptions to the big German war loan shrank noticeably—thus the ability of the Kaiser's government to finance their vast military operations has been already impaired. Some think that the policy followed at Berlin, of continually announcing victories and concealing the news of defeats, will have the result of lessening the vigor of the German defense when with the appearance of the allied armies on German soil the people of the fatherland learn how they have been deceived.

A DROP IN WHEAT.

One of the effects of the improved military position in France is seen in the sharp drop in wheat prices at Chicago and other American centres. The extraordinarily high prices ruling for wheat have been based to a large extent on the expectation that the war would be long and exhausting—probably many thought it could last two or three years, in which case the demand for American wheat would be continuously strong. Now the speculative fraternity must take account of the possibility that the Germans will be crushed between the Russian and the Anglo-French forces in a year or less, and in that case the American monopoly of wheat production would come to an end after 1915. However, it seems certain that Europe will need all the wheat that Canada and the United States can raise in 1915, as the great producing countries in Europe cannot have much of a yield next year even if the war is ended by Christmas.

FINANCING THE HARVEST.

The work of financing our Western harvest is proceeding smoothly and satisfactorily, and the indications are that there will be no serious hitch or breakdown. Gradually the export trade in foodstuffs is recovering itself, and the arrangements perfected by the New York bankers in regard to the meeting of United States obligations held by Europe promise to put the exchange market at New York in much better shape.

CUTTING DIVIDENDS.

The financial sentiment here has of course been somewhat depressed by the various dividend cuts that have been in evidence since the war began. At the beginning of this week the president of the Nova Scotia Steel & Coal Co. announced to the shareholders of that company that the dividends on preferred and common stocks usually payable 15th October would not be declared. Like other great industrial concerns the Nova Scotia Steel Co. has been obliged to close down parts of the plant; and as the outlook is obscure it has seemed