

# The Chronicle

## Banking Insurance and Finance

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## A REVIVAL OF CONFIDENCE.

Apparently the military experts here and in the United States believe that the campaign in France and Belgium is changing into a new stage or phase. It is thought that the western German armies have to a considerable extent exhausted themselves in their continuous but futile attempts to break the Allied lines. At the same time pressure of the most serious nature has suddenly developed against the eastern armies of Germany and Austria. One need not assume that the Russians are on the point of cutting off or annihilating whole armies of Germans. Even without assuming that much it is clear that the German position in the east is extremely critical. In Galicia, Poland and East Prussia, the Russians are in great force, well-equipped and very aggressive. It is difficult to see how the Germans can hope to push them back unless they draw heavily upon their lines in the West, where by far the greater part of their best troops are engaged.

### POSSIBLE DEVELOPMENTS.

As we have seen, these western armies of the Teutonic powers are dispirited and exhausted after

the failure of their attempts to reach the French coast. It, therefore, certainly seems as if the psychological moment for a determined advance on the part of the British and French were rapidly approaching. There have been persistent stories of the despatch of large additional British forces to the Continent. Press despatches have told of great fleets of transports off Havre. American critics are disposed to believe that within a couple of weeks or so the British armies in France will have reached a total of 400,000. The French also it must be presumed have been preparing to throw reserves extensively into the firing line. By thus putting strong pressure on the German invaders, the Allied generals might hope to accomplish one or other of several important things. In the first place there would be the chance of breaking through the Germans or of defeating them more or less decisively in the West. If this object were attained perhaps France and a considerable part of Belgium would be freed from invasion. Even if this part of the programme could not be carried out at present, the special activity of Generals Joffre and French would probably prevent the German General Staff from withdrawing heavy forces from the West to fight the Russians—and in that way it would help importantly to achieve success for the Allied cause in the eastern theatre.

### A REVIVAL OF CONFIDENCE.

Consequently there is marked revival of confidence in financial and military circles, as to the conclusion of the war within a year or a year and a half. This confidence has had its effects on the money market situation in London and New York. Financial and commercial affairs in Canada are developing quietly. The railways are, however, showing very heavy decreases in gross earnings; and especially in Western Canada there have been sensational declines in the volume of bank clearings. It is plain that a very large part of the western wheat crop of 1914 yet remains unsold in farmers' hands. The war has caused our agriculturists to hold back their deliveries, in the belief that prices will definitely work to a higher basis. Also there has been less pressure from the creditor classes this fall. Another important point is that in the early stages of the war there was great difficulty in procuring ocean space, marine insurance, etc.; and this circumstance caused the grain dealers to curtail their activity in purchasing at the various primary points. However, the grain is there and its value is not likely to decrease to any material extent, and our commerce and finance will doubtless derive the benefit when it is sold and exported during the next few months or in the spring.

Money rates in Canada are not much changed. Call loans in Montreal and Toronto are 6 to 6½ p.c. as in the past; and commercial loans and discounts, 6 to 7 p.c.