

ECONOMIC THEORIES ON WAR WERE SMASHED

Believed that Recognition of Great Cost Would Keep Powers From Plunging Into Conflict

FINANCE CANNOT STOP WAR

First Six Months Have Cost Five Great Nations Over \$8,500,000,000, While Total Loss, Including Value of Lives is in the Neighborhood of \$24,000,000,000.

The New York Analyst says that the collapse of the theory that recognition of the enormous cost of the struggle would keep the great Powers of Europe from plunging into war has led since the war broke out to lessened confidence in the related theory that the relative financial strength of the contestants would go far toward determining the duration and the outcome of the war.

Europe invested in the United States in two generations! In presenting such figures many allowances have to be made. Some of the assumptions upon which they are based carry one pretty far into the field of theory and none of many possible offsets are considered in such a showing.

The cost of the war to Great Britain excluding interest on war debt by fortnights from the outbreak of the war to the end of the year ran thus:

Days	Cost	Rate per Diem
		For Half Month
14 to Aug. 15	£14,500,000	£1,035,714
14 to Aug. 29	7,900,000	560,000
14 to Sept. 12	7,700,000	550,000
1 to Sept. 30	13,100,000	730,000
17 to Oct. 17	15,800,000	1,170,000
14 to Oct. 31	13,300,000	950,000
14 to Nov. 14	17,800,000	1,270,000
14 to Nov. 28	22,400,000	1,600,000
14 to Dec. 12	20,500,000	1,460,000
19 to Dec. 31	40,700,000	2,140,000

As more men have been put under arms and into the field the expense has risen rapidly. Allowing for this progressive increase the cost for the first six months is placed at \$24,000,000,000. Great as is this sum it is much smaller than the cost of the war to any one of the other four great Powers. The expenditures of all five compare thus:

Country	Cost
Germany	£425,000,000
Austria-Hungary	300,000,000
Russia	£425,000,000
France	325,000,000
United Kingdom	240,000,000

PROPORTION OF COST TO NATIONAL INCOME.

	Alliance Countries	Entente Countries	Both Sides
Direct costs for six months	£725,000,000	£990,000,000	£1,715,000,000
Loss by cessation of production (Yes Guyot)	1,330,000,000	810,000,000	2,140,000,000
Total costs for six months	2,055,000,000	1,800,000,000	3,855,000,000
Normal national income for six months (say)	1,500,000,000	2,500,000,000	4,000,000,000
National wealth	25,000,000,000	40,000,000,000	65,000,000,000
Proportion of direct costs to national income	48%	49%	48%
Proportion of total costs to national income	137%	72%	96%

It is coming indeed more and more to be recognized that financial exhaustion alone would not be likely to bring the frightful struggle to an end. Economic exhaustion would eventually, but the two, of course, are not synonymous. At the same time financial exhaustion would be one of the symptoms of economic exhaustion and that fact no doubt contributes to the interest which is taken in the cost of the war to date, meaning its costs in dollars and cents of actual expenditure.

Summarizing earlier estimates and supplementing them with later figures, The Economist of London finds that the first six months of war have cost the five great nations over \$8,500,000,000 in expenditures, while the total loss, including the value of lives lost is in the neighborhood of \$24,000,000,000. It is a staggering sum. Europe at war has lost in six months from four to six times the amount which all

ditions of all five compare thus:— Germany... £425,000,000 Austria-Hungary... 300,000,000 Russia... £425,000,000 France... 325,000,000 United Kingdom... 240,000,000

Asking how long the belligerent nations can stand expenditures and losses at such rates, The Economist presents some figures of population, trade, and wealth which are interesting, even though not conclusive. They serve at least to emphasize anew the gigantic economic forces involved in the great struggle. Our Paris correspondence presents in greater detail the cost of the war to France during the first four months.

WEALTH AND NATIONAL INCOME OF BELLIGERENTS.

	Popula- tion 1913.	Foreign Trade 1912.	National Capital.	National Income 1913.	Per Cap.	National Wealth 1913.	Per Cap.
Germany	68,000,000	£1,063,000,000	£15.6	£21,000,000,000	£31	£15,000,000,000	£235
Austria-Hungary	50,000,000	264,000,000	5.3	10,000,000,000	20	10,000,000,000	200
France	40,000,000	583,000,000	14.6	12,500,000,000	31	12,000,000,000	325
United Kingdom	46,000,000	1,344,000,000	29.3	2,250,000,000	49	18,000,000,000	390
Entente total	256,000,000	£2,196,000,000	£8.6	£5,000,000,000	£20	£40,000,000,000	£156
All principal belligerents	374,000,000	£3,523,000,000	£9.4	£8,000,000,000	£21	£65,000,000,000	£174

PITTSBURGERS WON'T MAKE SHELLS BECAUSE OF HUMANITARIAN REASONS

Pittsburg, Pa., February 19.—The Electro Steel Company, with offices here, has refused a contract to furnish 1,000,000 three-inch steel shells to the British Government as a shell. Charles R. Bryson, president of the company, in explaining the reasons for turning down the order said: "We were asked by the Foreign Trade Commission to bid on 1,000,000 shells at 44 cents for the British Government. Our company refused to bid or even consider it for reasons of humanity. We don't think that the warring countries should be encouraged. "One company in Pittsburg is furnishing millions of the same shells which our company refused to make. If this company and similar companies would follow the lead of our concern, war would have to cease, but so long as the warring nations are able to secure supplies in this country the war will progress."

LOOSE, WILES BUSINESS GOOD.

Kansas City, February 19.—J. S. Loose, vice-president of the Loose Wiles Biscuit Company, says gross business so far this year has exceeded volume of year ago, but he expresses doubt as to ability of company to maintain dividends on second preferred stock during 1915, due to increased cost of materials. Commenting on forthcoming annual report for the year ended December 31st, 1914, Mr. Loose says: "Net earnings totalled \$505,991, compared with \$778,812 in 1913. Earnings after deducting the dividends on the first and second preferred stocks were only \$13,501, last year, compared with \$111,812 in 1913. "Because of the high cost of materials and the sinking fund requirements on first preferred there is doubt whether it will be the part of wisdom to maintain payment of dividends on the second preferred stock."

GRAND TRUNK DIVIDEND.

London, February 19.—Grand Trunk Railway Company declared a dividend of 1 1/2 per cent. on the guaranteed stock. This makes 4 1/2 per cent. for the year. A year ago 4 per cent. per annum was declared. The balance carried forward after dividends was \$4,200.

CANADIAN GENERAL ELECTRIC CO. LIMITED.

Notice is hereby given that the Annual General Meeting of the Shareholders of the Canadian General Electric Company Limited, will be held at the Head Office of the Company, corner King and Simcoe Streets, Toronto, on Wednesday, March 3rd, 1915, at 12 o'clock noon, for the purpose of receiving the Annual Report of the Directors, the election of Directors for the ensuing year, and for the transaction of any other business which may properly be brought before the meeting. J. J. ASHWORTH, Secretary.

CENSUS SHOWS ROBINS ARE MOST NUMEROUS BIRDS IN UNITED STATES

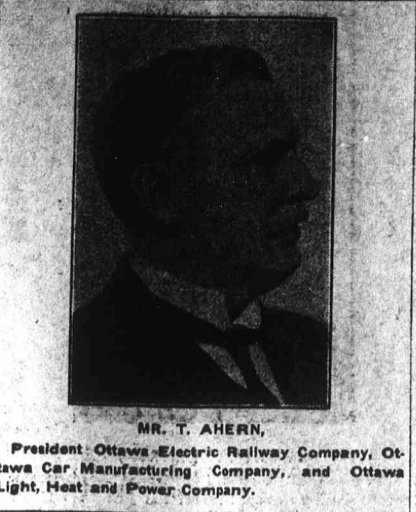
Washington, D.C., February 19.—Sixty pairs of English sparrows to the square mile, or seven to every 100 native birds, is the average throughout the United States, according to the preliminary census of birds of the United States just completed by the Government biologists. The bird most abundantly found in the United States is the robin, with the English sparrow a close second. In the Northeastern States there were found on an average six pairs of robins to each farm of fifty-eight acres. English sparrows averaged five pairs to a farm. Taking 10 robins as a unit other desirable birds were noted in the following proportions: Catbirds, 49; brown thrashers, 37; house wrens, 23; kingbirds, 27; bluebirds, 26. A few years ago nearly all the bluebirds in the eastern United States were destroyed by a severe winter, but there are now several million in that section. On each acre of farm land covered by the census there was an average of one pair of birds. The present bird population is much less than it ought to be, according to the biologists.

DUTY ON UNITED STATES OIL.

Vancouver, B.C., February 19.—The Government at Ottawa is to be asked by the coal mining companies in this province to impose a tariff of one cent per gallon on crude oil being brought in from the United States. Five years ago only five million gallons of oil were annually brought into British Columbia from California, but the trade has grown so enormously that in 1914 no less than one hundred and ten million gallons were imported. Coal men figure that this replaced in consumption at least seven hundred thousand tons of coal. The oil trade is now booming, while the coal business languishes. Several thousand coal miners are working on half time or less.

GENERAL CHEMICAL VOTES TO INCREASE CAPITAL TO \$40,000,000.

New York, February 19.—Stockholders of the General Chemical Company in a special meeting held Thursday at Manhattan, N.Y., voted to increase the authorized capital to \$40,000,000 half six per cent. cumulative preferred and half common. The increased authorization represents 5,000,000 preferred and \$7,500,000 common. Of the authorized stock the only amount to be issued at this time is \$250,000 preferred to complete exchange of stock for that of General Chemical Company of California. At another special meeting held Thursday stockholders ratified the change in by-laws so as to permit preferred stockholders to subscribe solely to new issues of preferred stock from time to time and common stockholders to do likewise regarding common stock issues. George Blumenthal, of Lazard Freres, was elected a director to succeed James Speyer. Other directors were re-elected.



MR. T. AHERN, President Ottawa Electric Railway Company, Ottawa Car Manufacturing Company, and Ottawa Light, Heat and Power Company.

BRITISH COLUMBIA PRODUCTS IN STORMY DEMAND IN ENGLAND

Shipments of Fish Have Arrived in Pink Condition and London Merchants Hearty in Their Commendation—Timber Has Also Met With Much Favor There. Conditions resultant from the war are causing a large demand for the fish and lumber products of British Columbia in the English market, according to a report received by the Department of Trade and Commerce from the Canadian Trade Commissioner in London. Mr. Watson, the commissioner, reports that the Fish Trade Gazette, of London, had the following comment: "In a recent issue, the early arrival of prime Pacific halibut and salmon from Prince Rupert was announced, and we are now informed that the first consignment of halibut, which, it will be remembered, had such an excellent reception in the English market this time last year, has come to hand. It is highly satisfactory to be able to state that it has arrived in really first-class condition. "As we have stated, the arrival of this Pacific fish in the pink of condition should form a market feature more than usually welcome just now, in view of the difficulties of supply which face the trade in this time of war. But, apart from that, this annual innovation would seem a confirmed successful item in the fisheries year."

The trade commissioner also reports a prominent firm of lumber dealers as stating that: "British Columbia and Oregon pine timber has made some progress in general favor during the year, and the London importation has been larger than usual. Purchased at a time when market conditions seemed settled and the stock of long timber in the country required replenishing, rather more than was apparently wanted found its way to the United Kingdom in the first half of the year. Towards the end of July buyers found themselves with heavy stocks on hand, which, fortunately, the outbreak of war relieved them of the necessity of holding indefinitely or of sacrificing at heavy losses. The great advance in grain freights in an indirect way has brought the value of the stock of British Columbia and Oregon pine, large as it was, to a point more than corresponding to its cost, and the inability of steamers to handle the extra lengths, coupled with a vigorous demand for the use of the wood from various sources, including that of coast defence, has established a strong market, which is still rising. The wood is liked for its consistent quality. "The state of war, and the high values of North of Europe stock, have driven its employment into channels of consumption monopolized hitherto by the cheaper and more accessible avenues of supply."

WILL FORM KHAKI LEAGUE

In order to make the life of the soldier in Montreal a little more comfortable, and to follow on the lines of other cities throughout the Dominion, the "Khaki League" has been formed, headed by several ladies and gentlemen who were very prominently identified with the whirlwind Patriotic Fund campaign. Heretofore little or nothing has been done to provide the men with places to which they might go for recreation, or to provide for them special treatment in cases of sickness. However, there is now a move on foot to change all this, and with the assistance of the community at large, proper accommodation will be made with the object, not only of giving the men every opportunity of indulging in a little harmless recreation, but places will be provided where they might spend their evenings instead of going to public houses or worse places. A committee has been formed with Mr. A. R. Doble at the head, and Mr. Austin C. Stead, 30 St. Francois Xavier street, as secretary, with a host of lady helpers, who are forming the Khaki League in a business like manner. Assistance is forthcoming from the Daughters of the Empire and the Soldiers' Wives Leagues. Subscriptions of from one dollar upwards controls the membership, and the funds will be used for the provision of recreation rooms in various and convenient parts of the city. One of the activities of the League will be to arrange for the mending of socks, laundry, etc., and similar work for soldiers, which work will be given to unemployed women of the city and will be paid for. Another important factor will be the provision for convalescents. The committee hope, to have some definite arrangements made in the course of a few days, when gifts of games, magazines and furniture will be acceptable.

MONTEAL LOAN & MORTGAGE PASSED THROUGH GOOD YEAR

The financial statement of the Montreal Loan and Mortgage Company, for the fiscal year 1914, is being mailed to shareholders, and shows an income of \$109,746, an increase of \$2,887 over 1913. The increased income in currency debentures made charges for the year higher, increasing from \$40,000 to \$121,480, including expenses and interest, charges totalled \$31,804, against \$29,449 the previous year. Balance available for dividends and special appropriations was \$77,940, equal to 13.9 per cent. earned on the \$560,000 capital stock, against \$77,480, or 13.9 per cent. earned the previous year. The

only special appropriation outside of dividends was \$1,000 to the Patriotic Fund, a balance of \$16,339 being carried forward to profit and loss. The company's reserve now stands \$56,000 higher than paid-up capital, and no further appropriations to that account was deemed necessary.

Only minor changes were shown in the balance sheet. Deposits decreased \$62,500 from a year ago, but debentures at \$121,690, are \$61,690 higher. That is the principal change on the liability side. On the side of assets, mortgages at \$1,621,235 are up about \$18,000. Total assets are \$1,633,019, against \$1,614,610 a year ago.

The profit and loss accounts for the past two years gives the following comparisons as to revenue and expenditure of the company when summarized:

	1914.	1913.
Mortgages	\$108,042	\$105,183
Call loans	252	601
Spec. int.	53	5
Rent	1,378	1,105
Total	\$109,746	\$106,898

	1914.	1913.
Deposit int.	\$14,806	\$14,411
Deb. coupons	4,483	2,450
Spec. int.	17	17
Expenditures	12,517	12,585
Patriotic Fund	1,000	1,000
Reserve	20,000	20,000
Dividends	60,000	60,000
Total deduc.	\$92,806	\$109,464
Balance	\$16,940	\$1,434
Previous balance	19,057	21,622
Total P. and L.	\$35,996	\$19,057

CHICAGO PNEUMATIC TOOL CO.

Chicago, Ill., February 19.—The Chicago Pneumatic Tool Co. has issued its annual report for the year ended December 31, 1914. The income account compares as follows:

	1914.	1913.	1912.	1911.
Net profits	\$68,104	\$1,171,245	\$1,002,260	\$772,527
Charges	166,175	165,000	165,000	165,000
Balance	\$48,929	1,006,245	837,260	607,527
Dividends	257,951	257,951	257,951	257,951
Balance	230,978	748,294	579,309	349,576
Deprec. &c.	210,275	390,549	236,965	194,787
Surplus	20,703	447,745	342,344	154,789
Prev. surp.	2,248,104	2,007,181	1,863,937	1,609,149
Total surp.	2,268,807	2,454,926	2,007,181	1,663,938
App. for res.	100,000	100,000	100,000	100,000
Subs. Co.	104,449	84,922	84,922	84,922
P. & L. sur.	2,163,358	2,249,104	2,007,181	1,663,938

*Equal to 7.54 p.c. on \$6,485,800 capital stock before deducting allowance for depreciation, compared with 15.51 p.c. on same stock previous year.

VIOLENT FLUCTUATIONS IN AMERICAN EXPORT TRADE

Washington, D.C., February 19.—Our export trade underwent some violent fluctuations in December as a result of the war. The total exports were given at \$245,000,000, or about \$12,000,000 in excess of a year previous. The increase was entirely in foodstuffs, while in manufactures and crude materials for manufacturing there was a big decline in exports that month. In wheat the exports rose from \$53,842,000 in December, 1913, to \$56,236,000 same week in 1914. Italy being a particularly heavy buyer. There were also a big increase in leather exports, chiefly to the United Kingdom. Important decreases in exports occurred in copper, cotton, oil, tobacco, etc. The principal changes were as follows:

	1914.	1913.
Agricultural impts. total	\$ 342,000	\$4,014,000
Russia	1,707,000	1,707,000
Horses, total	7,200,000	300,000
United Kingdom	2,068,000	35,000
Wheat total	38,236,000	5,242,000
Italy	13,648,000	211,000
United Kingdom	9,592,000	1,814,000
Germany	214,000	214,000
Wheat flour, total	9,544,000	4,940,000
United Kingdom	3,388,000	1,354,000
Automobile total	4,385,000	2,152,000
United Kingdom	1,097,000	484,000
France	2,588,000	100,418
Copper total	6,960,000	12,431,000
France	3,262,000	2,813,000
Germany	3,028,000	3,028,000
Netherlands	2,710,000	2,710,000
United Kingdom	2,088,000	2,100,000
Cotton total	43,250,000	1,953,000
France	2,502,000	9,825,000
Germany	213,000	21,184,000
United Kingdom	22,876,000	31,725,000
Typewriter total	307,000	1,023,000
Leather total	4,602,000	353,000
United Kingdom	2,343,000	297,000
Oil illuminating total	4,146,000	7,824,000
Tobacco total	2,602,000	4,387,000
United Kingdom	1,645,000	2,488,000

Frederick L. Goss, inventor of the Goss printing press, left personal property in Chicago valued at over \$800,000. Mr. Goss died November 10, 1914.

SIR EDWARD HOLDEN'S SPEECH INTERESTING

At Annual Meeting of London City and Midland Bank, he Reviewed Conditions and Dealt with War

DRESDENER BANK FORECAST

Relative to Germany, Sir Edward Spoke at Length, Touching Upon This Organization, Army and Finances and Making Comparisons.

(BY W. E. DOWDING.)

London, February 3 (by mail).—The most interesting event of last week in January, from the point of view of finance and economics, was the speech of Sir E. Holden, the Chairman of the London City and Midland Bank, made at the annual general meeting of the shareholders. Sir Edward Holden makes it a practice to give his shareholders a lucid exposition of all the notable financial movements of the year, and naturally his main theme this year was the war, as seen by the financier. Not the least interesting of his disclosures relate to the measures taken in Germany to meet the crisis.

The first financial shadow of coming events took place as far back as July 18th, of last year, when the Dresdener Bank commenced selling its securities wholesale, and advised its clients to do the same. War was declared between Austria and Serbia on the 28th. Berlin became panic stricken, and in the run that ensued the Reichsbank lost some \$50,000 in gold before the issue of gold was legally ended. To meet the difficulties of the joint-stock banks, the Reichsbank discounted during August in notes about \$1,000,000,000 worth of bills, holding as cover about one-third gold and two-thirds bills of exchange.

The next step was the establishment of war loan banks, credit banks and war aid banks all over the country, under the patronage of corporations, municipalities and private financiers. Use was also made for this purpose of existing mortgage banks. Through these media the Reichsbank proceeded to issue notes. Government securities, other securities and produce were pledged with the war banks, and advances are still being made on the first class to the extent of 75 per cent., and on the other classes to 45 per cent. These notes, though distinct from those issued by the Reichsbank, are legal tender and perform all the functions of money.

The mortgage banks, on the other hand, controlled by the Chambers of Commerce and the Municipalities, make advances on the mortgage of properties by an issue of notes similar to those of the war banks. Thus the Reichsbank notes, while no longer payable in gold, are issued on a gold basis, while the other two classes of notes are issued on a basis of securities and properties. The mobilization of the army also was financed by Reichsbank notes, with the result that by the end of August its total discounts and loans amounted to about \$1,215,000,000, and its total issue of notes to about \$1,060,000,000.

At this point the strain became too great, and the Imperial war loan was issued, and in a month about \$1,115,000,000 was raised, partly on bonds and partly on Treasury notes. By the end of the year the whole of the loan was paid up, and the debt to the Reichsbank was discharged. At the end of December, therefore, the Reichsbank was again in a position to issue a further \$1,000,000,000 in notes under the same cover as in August. Thus the process will continue. The bank will go on financing the war until the strain becomes too great; a second war loan will then be raised, and the bank will again be able to issue a further instalment of notes. The answer to the question how often can this six-monthly process be repeated before bankruptcy overwhelms the country is the answer to the question how long will Germany take to exhaust her financial resources. At present the war is costing her about \$10,000,000 a day, so that by the end of 12 months there will have been a drain on the people, either of liquid resources or of securities, to the extent, amounting to over \$3,500,000,000.

The deciding factor is, of course, the margin between her exports and imports. Germany can maintain her financial position just so long as she can pay for her imports by exports, or so long as she can make the preponderance of imports, i.e., her export of gold, before the figure representing the periodical increase of gold in the Reichsbank. This increase has hitherto been at the rate of \$7,500,000 a week, and comes apparently from circulation. The gold reserve has now reached \$520,000,000, but in order to pay for her imports through Scandinavia and Holland, they have already to export \$28,000,000 in gold to those countries.

How Germany will eventually emerge from the crisis cannot be foretold. It is easily conceivable that when the war is brought to a conclusion, and when the securities that have been pledged will have to be redeemed, enormous losses will occur to all those people who have been unfortunate enough to become indebted to the institutions which have taken securities and goods in pledge. Following a consultation of surgeons, it was announced at Bordeaux, that the leg of M. de Sarrahn Bernhardt will not be amputated until Monday.

WHOLESALE TRADE IMPROVEMENT FOR