

IMMENSE RESERVE FORCE OF NATIONS

Events Outside the Battlefield Have Much to do With Settling Duration of War

QUESTION OF EXHAUSTION

That Results of War Will Leave Deep Scars in the Economic System of Europe for Good Many Years to Come is Unfortunately Certain.

No question has been more widely discussed since the outbreak of this present war, or with less approach towards convincing settlement than the question how far the outcome of the war will be influenced by financial exhaustion of one or all of the belligerents, says the New York Financial Chronicle.

Referring to the fact that even financial affairs adjust themselves automatically to emergencies, and suggesting that production could be carried on through reduced consumption of time to time part of the fighting force for purposes of home production especially in the case of the victorious army— he holds that the argument of exhaustion could not actually apply.

But where in an indecisive struggle the adversaries keep each other in check, the standard of their efforts will be gradually lowered, and success will ultimately fall to him who can boast of the highest moral energy and self-sacrificing spirit; or, where on both sides the moral motives are of an equally high standard, can hold out financially longest to finish the war.

What is to be said of the argument of exhaustion—an argument which necessarily, if sound, will become more potent the longer the war continues? It must first be conceded that the theory of exhausted belligerents has failed rather remarkably to apply in military history. It will be said, perhaps, that it did apply in our Civil War; for when Lee surrendered, it was virtually admitted, even by Southerners, that the South was economically unable to fight longer.

But the condition of 1865 was not primarily due to failure of economic power because of long-continued fighting, it resulted from the cutting-off of supplies through capture of immensely productive areas by the enemy. The occupation of New Orleans by the Union troops; the possession of the Mississippi River by the Northern fleet, and hence the blockade of the rich south-western territory; the division of the southeastern territory through Sherman's March to the Sea; the destruction of Lee's immediate sources of supplies by Sheridan's Shenandoah raids—these were the actual causes of the Confederate army's confessed inability to continue its resistance.

It is strikingly in point. The case of the Napoleonic wars is strikingly in point. Their cost was possibly as great, in relation to the resources of capital of that day, as is the present cost of war when similarly measured.

It is true that Napoleon supported his army out of the hostile country, and that he paid much of the cost of the war through tribute exacted from conquered states or cities—a policy which has seemed to be produced of late in Belgium. But even so, what is to be said of the continued resistance of the very countries on which such tribute had been levied? The Prussians, after being absolutely crushed in 1806, fought with more vigor and efficiency during the next half dozen years than they did before. Spain, in 1808, blotted all of Napoleon's plans—despite a seemingly complete absence of resources. The Austrian Government went bankrupt in 1811, yet in 1812 was again active in the field of combat.

The answer to these seemingly anomalous and perplexing questions is the familiar problem to-day, to be found in the immense reserve force of every country, not only in the matter of physical endow-

"INCREASE THE PRODUCTION" IS MOTTO NOW IN SASKATCHEWAN

Farmers Are Rising to Opportunity and Acreage is Being Increased All Through the Province.

Regina, October 27.—"Increase the production" is the advice that has been sent throughout Saskatchewan by its most prominent business men. The farmers are rising to the opportunity and the acreage which is being prepared for seeding to wheat is much greater than that of last year.

Practically every organization in Saskatchewan aims to increase production. The Regina Board of Trade is doing its utmost to further the "Closer Settlement Movement," started at Regina recently.

The farmers of Saskatchewan are taking advantage of the offer of the City of Regina to fatten stock which has been raised in districts where there was not sufficient feed for this purpose.

A movement having in view the settlement of Belgian farmers in Saskatchewan has been started at Regina and is receiving good support. Lieutenant-Governor Brown having agreed to act as patron to the Belgian Relief Committee in charge of this work.

The grain crop of Saskatchewan in 1914 is valued at \$100,904,192 by the provincial department of agriculture. On a very conservative estimate the wheat crop is estimated at 74,610,643 bushels and valued at \$66,070,419, or approximately 85 per bushel, but the grain market reports would seem to indicate that much better prices than that estimated are being received.

AMERICAN CAR TO CLOSE PLANTS. Chicago, October 28.—An American Car and Foundry Company official says:

"Two-thirds of our plants are running and these about 60 per cent. are almost entirely upon repair work. Therefore we will curtail further and close our St. Louis and Madison, Illinois, plants within a fortnight to remain closed until railroad situation improves."

But, on the contrary, what we have seen in the past two months is a prodigious increase in the gold reserves of the Bank of England and the Bank of Germany—with one of the stocks which will support a price since the war broke out and with a gold output of \$111,000,000—this gold reserve being used to support a structure of emergency credit facilities in various parts of the history of the world.

Enormously Costly War. We are undoubtedly yet to test the real economic effect of prolonged and continuous fighting in this enormously costly war. It is at least a possibility, however, that the economic world may meet, in the matter of available capital supplies, a surprise not unlike what it has already encountered in the matter of gold reserves.

All this by no means signifies that the devastating effects of the wholesale waste of such a war will not have formidable results. It is, unfortunately, certain. This is perhaps the single result on which opinion can be confidently based. But the history of the intervening period may create some new and interesting precedent in this matter of financial endurance against financial exhaustion.

Available for distribution. 1914. 1913. 1912. 1911. 1910. 1909. 1908. 1907. 1906. 1905. 1904. 1903. 1902. 1901. 1900. 1899. 1898. 1897. 1896. 1895. 1894. 1893. 1892. 1891. 1890. 1889. 1888. 1887. 1886. 1885. 1884. 1883. 1882. 1881. 1880.



S. H. EWING, Vice-President of Molson's Bank, whose annual meeting takes place next Monday.

PROFITS OF MOLSON'S WERE \$86,000 LESS

Earnings Were Equal to 15.2 per cent in Outstanding Capital of \$4,000,000

SAVINGS DEPOSITS HIGHER

Generally Conservative Attitude of Banks During Past Year Likely to Result in Decreased Earnings All Round.

The financial statement of the Molson's Bank, which Mr. E. C. Pratt, the general manager, will present to the shareholders at the annual meeting in this city next Monday, will show a considerable decline in profits from those experienced during the past couple of years.

The net profits for 1914, after deducting expenses of management, reservation for bad and doubtful debts, amounted to \$68,198, a decrease of \$86,160 from the previous year and a decrease of \$76,583 for 1912.

The total assets of Molson's now reach the sum of \$50,390,343, which is about \$6,000 higher than was the case a year ago.

The profit and loss accounts for the past two years, summarized, are as follows:

Table with columns for 1914 and 1913, showing Net profits, Dividend, Conting. res., Pension fund, Patriotic fund, Branch prem., Res. curr. loans, Res. deprec., Reserve, Total deduct., Balance.

The leading figures in the statements for the past two years compare as follows:

Table with columns for 1914 and 1913, showing Assets: Specie, Dom. notes, Deposit with Gov., Notes other banks, Checks other banks, Due outside banks, Government securities, Municipal do., Other do., Call loans, Current loans, Bank premises, Other realty, Mortgages, Letters credit, Other assets.

Table with columns for 1914 and 1913, showing Liabilities: Capital, Reserve, P. & L. account, Dividends, Circulation, Deposits, Due banks abroad, Due banks Canada, Letters credit, Other liab., Total Assets.

Table with columns for 1914 and 1913, showing Dividends paid, Balance, Net profit, Available for distribution, Total Assets.

CASH HOLDINGS OF THE BIG BANKS OF EUROPE

England Now Has \$300,310,000 Gold; France, \$982,200,000 Gold and Silver; Germany, \$434,860,000; Austria, \$305,846,000; Russia, \$806,125,000.

In the following tables are given the cash holdings of the five great European central banks, on the indicated dates since April last, with comparisons with the corresponding dates of 1913 and 1912. In the case of the Bank of England, the weekly holdings since the outbreak of the war are also given:

Table with columns for Bank of England (Gold), Bank of France (Gold and Silver), Bank of Germany (Gold and Silver), Bank of Austria-Hungary (Gold and Silver), Bank of Russia (Gold and Silver).

TRADE PARALYSIS IN CHINA

Financial Outlook is Not Bright Unless European Hostilities Cease Shortly.

The Tientsin situation is naturally making the Chinese nervous. The foreign banks are cautious. Except for small shipments to America, the export trade is stopped. The fact that cargoes have practically ceased to arrive at Shanghai is, according to the financial editor of the North China Herald of August 22nd, actually regarded as an advantage, since it relieves the import merchant from the feeling that his load of obligations is growing.

The export trade has suffered most, owing to the complete disorganization of shipping and finance. The local export merchant has not, as a rule, sufficient funds to buy cargo without aid from the banks, and the banks are now unwilling to take the risks. Moreover, the export business is principally in the hands of Continental firms, operating on a credit basis, and has been closed since August 2d, and there is no use in opening it until the banks are able to give their own rates for silver, rates which vary from day to day.

There is no doubt that the markets in London still remain closed. The Government is still buying whatever silver it can lay hold of, and hence the spot price is reported to be 27 3/4 per oz. But the spot price is reported to be 27 3/4 per oz. But the business is almost wholly forward transactions. The banks cannot go upon the present value of silver, and the demand rate to-day is purely arbitrary.

As the mainstay of modern Government finance is trade, even in countries like China, disorganization in this direction results in a comfortable disorganization in the finance of the Government. The customs revenue, which is dependent almost entirely upon foreign trade, is decreasing daily. The salt dues are suffering from the reduction in consumption. Likin revenue, the mainstay of provincial finance, is so reduced by the reduction in foreign trade that the provinces are most unlikely to be able to send anything up to Peking.

COMMERCIAL PAPER. New York, October 28.—The movement of commercial paper is slowly but steadily assuming increased proportions, particularly in Philadelphia and other interior centres, where institutions have of late become prominent buying factors.

INLAND STEEL COMPANY. Chicago, October 28.—The directors of the Inland Steel Company declared the quarterly dividend of 1 per cent, payable December 1st to stock of record November 10. This is a reduction of 1/2 per cent quarterly.

WILLIS-Overland Co. states business last week broke all its records, shipments totalling 1400 Overland cars. From July 1 to October 15, 11,000 cars were shipped, an increase of 40 per cent over corresponding period last year. On October 15 the company had unfilled orders for 14,500 worth of cars. The company is shipping 250 cars per day.

RAILROAD MAKES A NOVEL STOCK ISSUE

Directors of London and South-Western Depart From Their Usual Custom

SINKING FUND PROVIDED

Company Has Lately Suffered Somewhat Keenly From Competition of Tramways and Motor Omnibuses in the London Area.

The Statist, of London, England, says that for an English railway company the forthcoming issue of the London and South-Western Railway may truly be described as of a novel character. So far as our memory goes, no issue of the kind has ever been made by any British railway company in the past.

Adoption of Unusual Form. The reason for the adoption of such an unusual form of issue is attributable to the nature of the work for which the new money is to be employed. Having suffered somewhat keenly from the competition of tramways and motor omnibuses in the London area and having seen to what a great extent the Brighton Railway has regained lost traffic through the adoption of electric traction on its London lines, the directors of the London and South-Western decided to electrify certain sections of their suburban system.

Therefore, it was decided that only the cost of the power house, sub-stations, and the third rail should be charged against capital account, and that other items, such as the alteration of the rolling-stock and structures, the bonding of rails, and the various other expenses should not be a permanent charge upon the revenue of the company.

New Method of Traction. The fact that the issue will, however, be redeemed in 10 years indicates the assurance felt by the directors that largely increased net receipts will accrue from the new method of traction to warrant the placing of stock of shorter currency.

Black Galvanized Sheet Iron. 10 to 12 gauge, 2.60 2.55. 14 to 16 gauge, 2.65 2.60. 18 to 20 gauge, 2.45 2.40. 22 to 24 gauge, 2.60 2.50. 26 to 28 gauge, 2.60 2.50.

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MORE STABILITY NOTICED IN METALS DURING PAST WEEK

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