

GERMANY WOULD BE THROWN TO KNEES

Almost Three Years Ago Wholesale
Tradesman of Lubeck Indicated
Result of Economical War

FEARED BRITAIN'S ATTITUDE

Herr Posselt Felt That Economics Would Have a
Great Influence on Fate of German People,
As Would Military Questions Upon
Which Stress is Laid.

Herr Posselt, a wholesale trader of Lubeck, made a speech in Berlin, Germany, on May 11th, 1913, somewhat over two years before the world war commenced, in which he indicates that his fellow countrymen, even at that time, were canvassing the possible results of a world war.

Unlike a majority of the Teutons, the speaker appeared to have some doubts regarding the propriety of attempting to foist German culture on the rest of the world.

He sought to show that the various economical aspects of the case would have such a huge influence on the fate of the German people that they rose fully up to the level of the military questions upon which the junkers are inclined to place all the emphasis.

Herr Posselt was of the opinion that the economical war which Britain would wage against Germany would throw the latter to her knees. In full his remarks were as follows:

In the autumn of last year, when the discussions of the Morocco affair were shedding, as it were, lightning-flashes of intense light on the political situation, I, as a German as well as a housewife, wondered from which direction would come the greatest peril threatening us in case of war: whether from England, because of a war waged essentially against our trade and industry, or from France, because of a political war. Allow me first to tell you that I served as a soldier throughout the campaign of 70-71, from the first day to the last, in the Rhine Corps; it was like the anointment of my youth; but then, with many of my fellow-citizens, we were able to ascertain several saddening facts about our situation towards the other countries.

Well, I have become persuaded that the economical war, cruelly national, which England will wage against us on the sea, much more than a purely political war waged against France on land, will have for Germany the worst consequences, and throw us down on our knees.

As I happened to talk on that subject with General Keim, the chairman of our association, he advised me to study the economical questions relating to a state of war, which can no longer be divided from the military ones. It is my purpose, in addressing you now, and I intend to deal with those questions from the mere point of view of practical life. But, while complying with our chairman's wishes, I have declared to him that this address will in no way be published by the press, because the weak sides of Germany are examined, as well as the others. And this is what I wish also to lay clearly before you.

Discussed Possible War.

Towards the end of last November, the head of a firm of blast furnaces on our Baltic coast, came into my office and broached at once the subject of a possible war, which was then everybody's topic of conversation. On my asking him, he answered: "Out of my workmen and clerks, from 600 to 700 in number, there will be about 200 called into the army. With the 400 to 500 remaining, comprising several technicians, I may keep up half of the business for a month or six weeks at the most. Then, in the case of an English blockade, there would be no longer either ore or coals, and I should have to cease all work. This means that about 1,200 people, women and children included, and 1,600, if we include the wives and children of the men called to arms, will be without means of living.

Here, work cannot help sufficiently, since it can maintain itself only with the most strenuous efforts. The situation is the same for several tens, even hundreds of thousands of factories in the German Empire. Their outlet through the country is momentarily stopped; towards foreign markets by sea, it is stopped altogether. In the same way, the importation of raw products for our industry will also be stopped and cut short. There is nothing like figures to enable us to study accurately that very important economical question. I will ground my conclusions on statistics, mostly from official sources, and lacking those, on careful calculations.

We have, first, our own industries, those of iron and steel, with 400,000 workmen, besides the colliers, 700,000 in number, of which I may speak with full personal knowledge. They require even now as raw material imported from foreign countries, more than 12 million tons of ore from Sweden, Spain, France, the Mediterranean and Southern Russia with Black Sea. The working of the mines of Germany are not enough to make up for the loss of those. Our richest ore mines are in what is called the "Ruhr" district in Luxembourg, and in German Lorraine. Consequently, the situation I described just now about the work of blast furnaces on the shore applies likewise to the great metal-industry in the Ruhr country, Westphalia and Silesia the raw material is lacking, and therefore the work must be stopped. Now, the cutting off of the exportation of our industrial products, exportation which, in the Rhine and Westphalia metal industry, concerns half the total production, sets exactly in the same way. In the case of an English blockade of the sea.

German Textile Industry.

Then, there comes the great German textile industry (16,000 factories with 900,000 hands, women included), which imports huge amounts of cotton, wool, raw silk, silk materials and thread, most of them raw materials from over the sea, in order to export them as manufactured produce. The total value of imports and exports is nearly 120 million pounds sterling a year. Here again there is no possible compensation for the loss of materials.

We may now mention the German business of machine construction, which, with 20,000 factories and 800,000 workmen, gives, of itself, to German exportation 25 million pounds sterling.

The industry of chemicals, the work on iron, on food and drink, on rubber, leather and paper; on stone and earthenware, on wood and carved products, and many others, give an occupation to crowds of people, each for its own part to hundreds of thousands of workmen, and thus they contribute to a very large extent, in making the economical prosperity of the German people. Now, none of the great German industries can exist, except by and through the sea trade, either for exportation or importation, and in most cases, for both.

Altogether, we reach this year in the German Empire, the figure of 300,000 (three hundred thousand) factories and industrial firms in full work (in 1912, 180,000 factories), with 6½ millions of workmen; the quarter of this number consisting in young men and women.

Then there is the trade, business and building industry, occupying 3¼ millions of workmen. Agriculture occupies altogether 7½ million hands, out of whom 60 per cent. are women. A great war, into which Germany might be drawn, would call under the colours one million of workmen from our industry, besides two millions (1) of other soldiers of all trades and professions, in town and in the country.

No More Bread for Workmen.

A blockade of the ports, from the Low Countries to the Baltic Sea would result in the momentary stoppage of the greatest part of that mighty industry. I am fully convinced that, if a long war with blockade of the sea shore were to happen, a third part of our factory workmen, perhaps even more, would be in want of bread, even if agriculture might for a time employ many workmen from the towns to take the place of country laborers called into the army, even, besides, if the output of some industries is intensified by the needs of the army: there will be still without any employment about one million of workmen belonging to industry (building industry included) and trade, which is indeed a very important figure.

It is as plain as 2 and 2 make 4 that our sea traffic (1911: 3,000,000 tons net, out of which 80 per cent. steamers; 1871, 1,000,000 tons net, out of which 8 per cent. steamers), with such an unfavorable situation, strategically speaking, without sufficient cables, without coaling stations or naval bases, scattered throughout the world, will be amongst the first things to disappear. In my own business, a great number of steamers are transporting my iron ore. Since they fly German pavilion and sail through the Baltic Sea, through the North Sea (starting from Narvik in the north of Norway and Lulea in the Swedish Norrbotten) I must always expect their being captured, especially in the North Sea by some English rapid cruisers; they will even go and throw themselves into the net. And the situation will be exactly the same for most of the other German steamers which might be unable to take refuge in a neutral port. In case of war, German navigation and sea trade are dead.

To realize fully the meaning of all this, we must bear in mind that in 1911, the German import trade reached 9.7 milliards, the export trade 8.1 milliards; merely for the traffic of goods (England in 1911: 21 milliards of marks in all; France in 1911: 11.4 milliards of marks). Out of these 18 milliards, 5 cross our land frontiers, the 13 others cross the seas and are therefore for the economical life of nations, and the importance of that power does nothing but increase every year, owing to the nature of modern commercial intercourse between nations.

Britain's Commanding Position.

We must add to this the geographical situation of England in the world, at the end of the Channel, her situation quite as good opposite the North Sea, whereas Germany has quite a secondary position in the North Sea, and can make up for that deficiency only in the Baltic Sea, which plays an unimportant part in the trade of the world.

The questions examined till now, concerning only industry and our commercial navy, are indeed very important in time of war. But agriculture suggests many other questions worth examining.

The consumption of corn of all kinds rose, in 1910-1911, according to Dade, the General Secretary of the German Board of Agriculture, from the month of February of that year (without including the amount required for sowing), to 29 millions of tons. The importation, that is to say, the difference between the amounts imported and exported, reached nearly 6 millions of tons, i.e., about 16 per cent. (2) of German consumption. During the last twenty-five years, German agriculture has succeeded in increasing greatly its production; we must acknowledge it and praise the German agrarian policy for it. The production was 18 million tons in 1885-86, and 25½ millions in 1910-11. But, twenty-five years ago, we were indebted to importation only for 6 per cent., instead of the 16 per cent. of last year.

The population and the consumption per head have increased, without any corresponding increase of the production. Now, in case of war, we stand in a critical situation. Suppose the war breaking out in the spring two or three months before the harvesting season. The whole western side of the empire, as well as the shore of the North Sea are closed to the transport of corn; Austria-Hungary has nothing to spare for exportation; all that remains are the grain coming from Russia or from the north States of the Balkans, or by the indirect, very expensive way, perhaps even closed by England, via Genoa and Trieste in the Mediterranean, or via some ports on the Swedish or Danish shores of the Baltic.

England Must Blockade Holland.

I give up at once the idea of Dutch ports, because England would renounce her own power if she respected their neutrality. A third part of German importation and exportation by sea is carried on through Dutch and Belgian ports. Suppose now Russia, as the ally of England, forbidding the exportation of corn to Germany; this may be in some cases, the most powerful means of attack he may direct against us. It goes then without saying that the corn would rise to famine prices; 16 per cent. of the importation being, comparatively, either directly or indirectly for the feeding of cattle the necessary food to 10 millions of Germans. In the country we cannot keep such an amount of reserves; then...

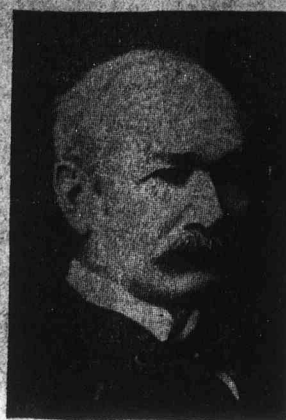
Cattle breeding requires huge quantities of foreign fodder, in the shape of bran, residue from oil mills, flour mills, breweries, distilleries, and also corn used as fodder. The number of the 19th of March of this year's Tag tells us that German agriculture needs one milliard of fodder, yearly. Fortunately, German agriculture can supply our need of cattle for the butchery, but only on condition that the importation of foreign fodder should take place without hindrance. There is only the great German potato culture which may be a compensation for us, in the worst of cases, and even then a drought, as in 1911 or a continuous damp season may deprive us of this help.

Keeping Baltic Sea Clear.

Let us suppose, however, that Russia will keep towards Germany a neutral attitude, so that trade may be continued either way; even then, it will be our commercial interest and a question of life and death to keep the Baltic Sea clear of foreign hostile ships. The large warships can enter the Baltic Sea only by the Great Belt, as the Little Belt and the Sound are not deep enough for Dreadnoughts. The canal between the North Sea and the Baltic is sufficient, and

(1) These figures are far below the truth, since Germany now boasts having more than 4 millions of men in arms.

(2) From a verification of Dade's figures there results that in 1910-1911, there has been about 20 per cent. of extra importation. We shall take no account of this new fact in our conclusions, because it has happened accidentally and only for one year.



HON. J. A. OUIMET,
President Montreal City and District Savings
Bank, whose annual meeting takes place on Monday.

fortunately, its widening is now going on, but it will not be ready before the end of 1914. If the German fleet succeeds in keeping the Baltic Sea clear, all the German Baltic ports and even Hamburg will remain open, and Russia will send us our supplies of corn and fodder.

It is the more important to utilize navigation, that we cannot force whence would come the necessary railway carriages. Already in autumn we are in need of railway carriages or vans. How could we then transport our huge amount of goods into foreign countries, if the war department take for a long time all the available carriages for the military transports towards the West?

Merely a few days ago, the press published the news that the closing of the Dardanelles had a very bad influence on our supplies of corn and fodder. The article was as follows: "Manheim, April 19th, 1913. The Blockade of the Dardanelles and the German corn trade. The direction of the Exchange of the Products of Manheim sent to-day the following request to the Foreign Office: By the closing of the Dardanelles, the economical interests of the German trade are very seriously threatened. Our supply in corn and grain is not sufficient, our depending on foreign importation at this moment when the prices are rising and when the political situation is doubtful, is a very important matter. We have to fear a great injury to all our interests, if, through the blockade of the Dardanelles, the supplying of grain in Germany must depend more than ever on the arbitrary will of a few export merchants, and we beg you most earnestly to take the necessary protective steps to stop that national loss."

Continuous Want of Cereals.

Hamburg, April 21st, 1913.—The Union of corn merchants of the Hamburg Exchange sent to-day to the Chancellor the following telegram: "Through the continuous want of cereals and fodder, especially barley, very important economical and commercial interests are injured by the blockade of the Dardanelles. A disastrous situation will arise if the closing is continued for a long time. You are earnestly begged to take steps for the prompt re-opening of the Dardanelles."

Berlin, April 22nd, 1913.—Answer from the Secretary of State Von Kiderlen-Waechter to the Hansa Union (Hansa) through which the Manheim telegram was sent to the Foreign Office: "In answer to your telegram referring to the blockade of the Dardanelles, I inform you that Germany, as a neutral Power, cannot interfere in a war between two other Powers. Yet the German government will consider it a duty to act as the situation requires, for the protection of German interests."

I think that this little disorder speaks volumes. Yet it is mere child's play compared to a strict blockade of our ports on the Baltic and the North Sea, and of the ports of the Netherlands.

The supplying of necessary food to the German nation in state of war is of such capital importance that it is our supreme duty to look at that question in the face. In fact, according to statistics, the importation of articles of food and drink may be valued at two milliards a year, everything included, corn, meat, colonial produce, preserves, fruit, wine, tobacco, and so on.

Question of Finances.

I have still a few words to say on the financial question. It is a chapter, perhaps the most important of all, which can be examined only if one can give it a long time. I cannot do so to-day. What I want especially to do is to enlighten you on our need of money in case of war. The money necessary to a fully mobilized army of 3½ million men, and to the fleet has been valued by experts at £235,000,000 a year. (1) To that sum, we must add the money necessary for the help of workmen without bread in industry, trade and business. In the case of an English blockade, I think that, without counting the men mobilized, we shall not go far wrong in saying that there will be in the Empire from 6 to 8 millions of paupers. This may seem an extraordinary figure, but it will not be far from the truth. If we count 50 pfennigs per head per day, we shall require another enormous sum of money to support our population. Of course, the Empire, the State, the local authorities, the private help organized under the control of the Central financial Institute of the Imperial Bank must and will do their best to improve the situation. Many of us are thinking about our economical situation in 1870-71, but it has changed completely during the last 42 years. From an agrarian nation, we have become now an industrial and commercial State. In this respect, France has remained behind, not only because of her small numbers of births, but also because of her special agrarian character. Only it has the advantage of us in case of war, through her ports not being blockaded. But there is not the least doubt that she will tax to the utmost the patriotism, the devotion, and the intellectual powers of the German people.

Needs Economical General Staff.

When I think of that extremely complicated economical situation, I must say that the permanent institution of an economical General Staff seems to me as useful as that of a military one. This new General Staff ought to be composed of the best representatives of our industry, trade and finance, perhaps under the direction of the Foreign Office. Such an authoritative body might be efficiently useful, and, in case of war, would prevent us from committing economical blunders of all kinds, owing to its knowledge of those questions: knowledge which is far from being sufficiently spread among the public. As a conclusion, Gentlemen, I think you all will

(1) These figures are far below the truth. According to German newspapers the war expenses are now more than £40,000,000 a month.

agree that those economical questions have such a huge influence on the fate of our people that they rise fully up to the level of military questions. Both are intimately connected together, and cannot be any longer considered separately, in their consequences.

No sacrifice can be great enough to maintain our economical as well as our military security. Germany can make them if she likes. We must again introduce Scharnhorst's principle of universal military service. It is not fitting that, after the enforcement of the latest parliamentary bill, as many as 70,000 men (a number rising, besides, by 10,000 men yearly) should remain every year free from military service, and that, in case of war, a great number of aged and married men should be called to the front when many unpractised young soldiers may stay at home. We must at any price keep up our independence; it is the cheapest insurance premium which we may pay for ourselves and our economical life. And the German nation is willing to pay everything needful towards that end; and we want all our children, for our country's sake, to undergo, either in the army or the fleet, a training which will strengthen both their bodies and their souls.

What a young soldier of our great Frederick, what the small, poor, ruined Prussia of 1808 and 1815 has been able to do, the German Empire, the German nation are ready to do likewise. May some favorable fate give them the right men in the right places. In other words, let every man, every peasant be offered up to the German army and to the German fleet for the maintenance of our economical and political situation. Then, all our neighbours will keep quiet and we shall no longer read in the France militaire—I hardly dare to repeat the words—that the Germans are bluffers.

WAR HITS DIAMOND TRADE.

London, February 5.—The effect of the war on the diamond trade is partly indicated in the annual report of the Premier Diamond Company of South Africa. Operations were suspended in August, and the production of the company from November 1 (when the fiscal year commenced) to August 10 was 1,417,756 carats, a decrease of 211,732 carats, as compared with the corresponding period of 1912-1913, and a total decrease of 690,228 carats, as compared with the whole of the previous financial year.

Sales of diamonds have ceased for the present, and the company has a stock of stones on hand valued at over £500,000. The working profit for the year was only £392,516, as compared with over £1,000,000 for the preceding financial year. No dividend on the deferred or preference shares has been paid on behalf of the second half of the year under review.

MINERS AT THE FRONT.

Toronto, Ont., February 5.—Miners who have gone and those who are going to the front will be relieved from the obligation to work their claims so many months in each year and the claims will be kept open for them. Hon. G. Howard Ferguson, Minister of Lands, Forests and Mines, to-day announced this decision. The miners also will be relieved from paying their licenses.

WALTHAM WATCH CO. OFFICIAL BLAMES TARIFF FOR SHORT TIME

Boston, February 4.—The business depression in the United States, due to the new tariff and the policies of the present Administration, and not the European war, is primarily responsible for the placing of the 3,000 employees of the Waltham Watch Company on short time, according to a statement by Vice-President Conover Fitch of that company.

"The impression given in some of the newspaper reports and editorially was that we were going on short time solely because of the shrinkage in our foreign business. This is not the case, and no statement was ever made by any responsible officer of this company which could possibly lead to that conclusion. As a matter of fact, our European business has never exceeded 10 per cent. of our total business, and if business conditions were normal in the United States we could afford to lose our entire European business and still be able to run full time."

"The truth is that we have been obliged to reduce the number of working hours in our establishment because of the extreme depression in this country. That the depression here in our business is due partly to the effects of the European war is undoubtedly true, but, in my opinion, it is mainly due to the change in tariff and policies of government and consequent depression which was being felt seriously before the outbreak of the European war. It is a fact that Swiss manufacturers are taking advantage of the reduced tariff duties and loss of their European markets to flood this country with their products, regardless of price."

BETTER DEMAND FOR HIGH GRADE STOCKS

Messrs. A. E. Ames and Company, the Toronto stock-brokers, say that a noticeable feature of the investment markets during the past few weeks has been the demand for high grade securities.

The feeling following the declaration of war has gradually given way to one of quietly growing confidence, and investors are cautiously placing their surplus funds. The result has been an appreciable advance in the prices for the better class municipal securities.

This may naturally be followed by a steadily increasing demand for substantial stock investments, and such securities as Bank and Trust and Loan Company shares come again into favor. A brief review of the position of some of the institutions that have recently reported is given hereunder. Their statements indicate that they have without exception come creditably through a very trying period.

(Report for year just ended not yet available)

* Market price, minimum 200.

The bonuses paid by the Commerce, Dominion, Montreal, Toronto and Union Banks are included in reckoning the above yields.

WILL INTENSIFY TRADE DULLNESS

London Members are Forbidden Openly
to Bid for or to Offer
Stock

THEORY OF JOBBERS

In Practice it is Found that Unless There is a Special Demand for Stock the Minimum Soon Becomes the Maximum.

London, February 5.—Under the new rules laid down for the Stock Exchange by the Treasury members are forbidden openly to bid for or offer stock. Consequently the Exchange will be a place of silence, which will intensify the dullness of business. However, this is one of the least important restrictions. The chief impediment to business is the rule under which no security may be sold without the name of the transferor, the numbers of the certificates or shares or other information absolutely identifying the actual stock offered being passed to the buyer at the moment of the transaction.

The difficulty in this connection arises out of the fact that business is usually done through jobbers. These jobbers in theory are merchants or speculators in stocks and shares who, as merchants, are expected to have a portfolio of stock always ready for sale. In practice it happens more often than not that the jobber does not keep a supply of stock on hand. Often when he sells stock he has immediately to go elsewhere to buy it in order to make delivery. But now if he has to supply identification numbers of the security he sells he will do no business unless he first has the required stock in hand.

The result, therefore, is that no business will be done unless an actual buyer and an actual seller who owns stock can be brought together, whereas formerly and even quite recently a jobber would take a little risk in buying and selling stock where he believed he would be able to find a corresponding buyer or seller in the course of a few days. Even in these circumstances the markets have been far from "free," but they will now be many times worse.

The extension of the list of official minimum prices will also restrict business. In practice it is found that unless there is a special demand for stock the minimum soon becomes the maximum, but an additional disability will be enforced in some cases. For example, there has recently been a very fair business in high-class foreign government securities, such as Chinese, Japanese, Russians, and others. The prices are nearly all a few points below the level of the end of July last, and brokers argue that the minimum prices should be based on the current quotations. The banks, however, who have had a strong voice in Stock Exchange matters since the House closed, argue that the minimum prices must be fixed on the basis of the end of July because they have made loans and continued those loans on the basis of the July prices. If the minimum prices are raised a few points above the current quotations, it is obvious that business will automatically stop, because purchasers of stock will not pay those prices until general conditions have so far improved as to justify the quotations.

COMPLETE LACK OF DEMAND FOR COPPER IN SOME QUARTERS.

New York, February 5.—The copper market is quiet, and the edge seems to have been taken off by lower quotations from London.

While some agencies continue to quote 14½ cents, others are quoting 14½ cents, with sales reported by second hands below that figure, complete lack of demand is reported in some quarters.

Lake copper has apparently broken away from electrolytic in some instances, and producers of that variety are asking 16 cents for high grade metal, but have not sold at that price, last sales being 14½.

Producers are well sold ahead.

A group of lake mines are sold up to April, and expect soon to begin making May contracts.

A copper man says that in the event of sudden stopping of hostilities or other happenings tending to cut off foreign demand, there would be widespread repudiation of foreign contracts, many of which are made without full guarantees as to payment.

FOUR TIMES OVER-SUBSCRIBED.

Baltimore, February 5.—The syndicate headed by the Mercantile Trust and Deposit Company of this city, and the National City Bank of New York, was awarded the \$8,500,000 Baltimore City stock at its bid of \$7.87. The bonds were four times over-subscribed.