

## NEW CONFIDENCE BEING BREED BY WILSON'S CURRENCY PLANS

Huge Shrinkage of Values Since Balkan War Reaching Nearly Four Billions Has Been Checked—With Panic Over and Good Crops in Sight, Country Faces Renewed Prosperity.

(Specially written by S. S. Fontaine for The Toronto World and The Toronto Weekly)

NEW YORK, June 22.—The overshadowing event of the week was the announcement from Washington that the administration's currency bill bids fair to afford that financial relief which the United States has stood in need of for the past twenty years or more. The anticipation of speedy action upon this measure naturally had a tendency to infuse not only fresh hopes, but likewise fresh blood into the moribund condition that has existed in the market for a long time. As the World set forth, the currency plan in a nutshell comprehends the indefinite continuation of the present bond and treasury note issue, with the issue of new currency notes, now the basis of much of our currency, will not be withdrawn at this time or replaced by other currency. However, the release of \$500,000,000 of treasury notes, which will be issued to banks when they have deposited with the federal board of control what is the amount of the existing basis of currency that has ever been used for the purpose. Secretary of the Treasury McAdoo has won for himself many friends through the country in the matter of financial policy. Apparently he has been actuated by the desire to do the greatest amount of good for the greatest number, and while some doubting Wall street sceptics and scoffers are inclined to question the efficiency of the remedy that has been prescribed, nobody with intelligence doubts for a moment that it will prove efficacious under ordinary circumstances, and in turbulent times, such as were seen in 1907-1908, will turn out to be practically a panacea for the evils that panic engender.

### Enormous Shrinkage in Values.

Hitherto bankers in all parts of the country who have faced the stress of deflation have found it impossible to get funds from eastern financial institutions. Sacrifices of securities have, in consequence, involved most disastrous losses. How great these have been may be seen from the knowledge that in a short period of eight months shrinkages amounting to between \$5,000,000,000 and \$10,000,000,000 have been recorded. The whole fabric of confidence, founded primarily upon credit and confidence, to destroy one is to do away with the other. J. Pierpont Morgan, in his testimony before the Pujo committee in December, 1912, in answer to the question whether he thought it right that the money trust should be dominated by two or three men, laconically replied: "Certainly." In the hands of a few good men it would be absolutely safe, out of course, in the hands of dangerous men it would result in disaster.

### Will Help Great Public.

The present bill, which has the full force and power of the administration behind it, should become a law, it will unquestionably work, if not miraculously, at least unfold good for the multiple millions who rely upon the currency to meet the ever-expanding growth of the country's agricultural, industrial and commercial needs. The Glass-Steagall bill, which is now being considered by the Senate, is fortified with the best elements that are to be found in the platform, so to speak, of European banking. Little wonder is it, therefore, that many of the important interests were free buyers of securities that were thrown over on Friday with those whose utility and value were not immediately necessary sacrifices of their holdings.

### Sharp Revival Due.

Europe apparently has not awakened to the importance of the changes that our currency reform contemplates. The Balkan troubles occupy the centre of the financial stage, and while they remain in the spot light neither Berlin, Vienna, Holland, Paris nor London feels like taking the aggressive position in the market, and that they otherwise would occupy. It is conceded, however, that with the political sharp revival that there must come an expressed primary than large purchases of our securities for European account.

Reference has been made above to the extraordinary shrinkage in values

that have taken place in the past few months. If one compares the selling prices of today, not only of the gold issues, but likewise of the non-descript properties, with the figures that prevailed as recently as on Friday, Oct. 11 last, the losses will be found to total upward of \$4,000,000,000. The extraordinary liquidation started with the outbreak of the Balkan troubles, on Oct. 13, and practically culminated a short time ago with the announcement of the Aldrich-Vreeland emergency fund to release \$500,000,000 to avert the trouble that many were apprehensive of.

### Dividend Resumed.

The declaration of a dividend at the rate of two per cent. per annum by New York, Ontario and Western, which places that stock upon the basis of 1911, was perhaps more a matter of expediency than one of good judgment. The New York, New Haven and Hartford was practically the controlling interest in the New York, Ontario and Western, and the release of \$500,000,000 would enable the New Haven to temporarily tide over a critical period. The Illinois Central directors are scheduled to meet in a few days to take action upon the July distribution of profits. These dividends are not sufficiently large to warrant the payment of a rate of 7 per cent. per annum, but the company has an extraordinary surplus accumulated for just such emergencies as have arisen. Under the circumstances it will not be surprising if the full 2 1/2 per cent. for the six months be declared, especially as the outlook for future business is exceedingly favorable. Crops for the present season give promise of exceeding those of last year, and after all, notwithstanding floods and other extraordinary conditions, the Illinois Central made for the twelve months of its fiscal year within one-half per cent. of the 7 per cent. that it has annually paid.

### Interborough Moves Up.

One of the features of the week was the advance in Interborough-Metropolitan preferred shares. These, after selling at 45 a few days previously, went on the rebound to a fraction above 60. The reason for this was the announcement that the company had decided to increase its dividend from 4 to 5 per cent. The directors purpose some time this fall to make arrangements for the payment of back increments amounting to something like 20 per cent. The Berwind-Freeman interests are understood to be in favor of an issue of 1 1/2 per cent. and an extra 1 per cent. dividend. Theodore P. Shonts has stated that he believes in the policy of making haste slowly. In other words, his recommendation, it is understood, will be to begin either upon a 4 or 5 per cent. dividend basis and let the question of back dividends go over until the company can see its way out of the present predicament, as other members of the board would for obvious reasons like to have it do.

### Steel Better—Coppers Halting.

The steel trade, again, if not flourishing, at least in a far better position than it has been in some weeks. Railroads which were inclined to draw in their horns are again making tentative inquiries, and the demand for structural steel shows large gains. The capacity of the United States Steel Corporation is nearer to 60 per cent. than it was a few days ago, and a few weeks today unutilized orders amounting to over 6,000 tons, which guarantees working capacity for the balance of the year, even if no other orders are received. The steel stocks, for reasons aggressively stated, nor are they likely to become dominating market factors until the government suit calling for "disintegration" of the company shall yield to the great speculative influence that it affords for the moment. The copper, the copper stocks, and especially the maladjusted and Anaconda, are halting and in all likelihood will be more or less feverish until the end of July, for July shall be decided. It is learned, however, that the board of directors do not contemplate any changes in either direction. "If the copper price may not spell wealth for the company, but it assuredly means dividends earned while dividends have previously been paid.

### CHINESE BANK IS FORMED IN PARIS

French Capital to Develop the Orient—Chinese Government is Interested.

Advices from Paris say that the Banque Industrielle de Chine (Industrial Bank of China) is being organized there with the assistance of the Chinese Government. It is to have a capital of 45,000,000 francs, divided into 87,000 common shares of 500 francs each, 3000 founders' shares of 500 francs each. The Chinese Government will take 1000 founders' shares and 29,000 common shares, not one share of which will be sold by the government for at least 25 francs.

The bank will have a charter of 99 years. It is a French joint stock company. The object will be to develop the industries of China, and its operations will be given all possible assistance by the Chinese Government.

### Royal Commission On Indian Affairs

(Special.)—Friday's session of the royal commission on Indian affairs was principally taken up in explaining to the Indians the purpose of the commission and hearing a number of addresses from Indians, expressing gratification at the government's action in forming the commission.

The only complaint made, and it was voiced by practically every Indian, was that they wanted a commission of title to the lands. On the ground were grouped about 100 Indian chiefs, Indian squaws and Indian children.

## BRAZILIAN MADE NEW LOW RECORD

Unfavorable Developments at Week-End Bring Lower Prices.

### C. P. R. DROPS AGAIN

Speculators Are Wearing Blue Glasses and See Signs of Further Depression.

Unfavorable week-end developments were reflected in another downturn on the stock market on Saturday. London comment, which was the first thing to strike the eyes of brokers after the news of the previous day has been digested, was rather pessimistic, cables reporting that further trouble was anticipated at the next settlement, and that speculators were getting out of their stocks before hand. Consequently the market was weak, and prices for our securities in their exchange were below a parity with Friday's closes. Meanwhile Washington advices stated that the railways would not get the much-sought-after power to increase their freight rates 5 per cent., and when Wall street looked at this thru its blue glasses, sentiment once again turned bearish.

In the Toronto Stock Exchange the action to prices was most unsatisfactory, the considering the unfavorable news it was only natural that the list should have sagged again. Brazilian, which was put in a vulnerable position by the big decline of Friday, opened at an overnight loss, and later on dropped to 8 1/2, a loss of a full point for the session and of five points for the week. At that figure the shares of 1913, Mackay low level more than 100, being almost half a point under the previous low made in the previous week. Traders said that the security which has been working in the market has been working in the market, and that on account of the large amount of stock outstanding, weakening of the market was to be expected. The week-end point in connection with the technical position of this issue is the fact that most persons who held Rio last year and transferred it into Brazilian have still an opportunity to get away with good profits. Brazilian at 8 1/2 is equivalent to old Rio at about 135 and to Sao Paulo at 234. As regards dividend yield it returns over 7 per cent. to purchasers at 8 1/2. The close on Saturday was at a small rally from the low, bid being 8 1/2.

### General List About Steady.

Pearl Lake was another heavy spot at the week-end for the year at 31, a loss of a point for the day. Seemingly the insiders have withdrawn their support of late and the stock has been left to find its own level. Meanwhile, in view of the prospects for the company, the shares appear to be one of the best bargains in the market. The general list did not undergo any material change. Hollinger was firm at \$15, Comstock rose to \$7.50, and Hudson Bay to \$7.00, while the other shares were slightly easier.

### BANK CLEARINGS SHOW A DECREASE

Record of Dominion Last Week Was Not Inspiring—A Steady Reaction.

Bank clearings in the Dominion last week totaled \$7,253,777, which was over five million dollars, or 2.8 per cent. below the figures for the corresponding week of last year. The decrease was due largely to the big falling off in Montreal, which brought the aggregate down materially. Clearings have been pretty steadily on the down grade of late, evidencing the circles and the reaction in trade. Meanwhile everybody is wondering how long this will go on, and the best of opinion seems convinced that it will be worse before they will be better. The Montreal clearing for the week ending June 19, 1913, was \$1,210,249, or 12.2 per cent. below the corresponding week of last year. The decrease was due largely to the big falling off in Montreal, which brought the aggregate down materially.

### Clearings Have Been Pretty Steadily on the Down Grade of Late.

The general list showed sympathetic weakness, the changes were small. Toronto Railway was down a full point to 136. Canadian Pacific was down 1/2 point to 77, and bids on other issues were lowered to a slight extent. Bank shares were irregular, with a lower quotation on Dominion, but the others about steady. These securities are coming in for a good deal of attention from investors.

### AUSTRALIAN LOAN HAD TO BE POSTPONED

LONDON, June 21.—The unfavorable condition of the loan market has again been demonstrated by the fact that the Australian premier cable to Sydney recently that it was impossible at present to get advantageous terms for the new loan of the Commonwealth, and that he had had to postpone the issue of the loan at 4 per cent. and arranged to issue the loan at the first favorable opportunity.

### FARMERS GET LOWEST PRICES IN YEARS

WASHINGTON, June 21.—The average of prices received by producers of the United States for staple crops increased about 4.3 per cent. from May 1 to June 1, which compares with an increase of 1.2 per cent. in the same period of a year ago, and an average increase of 3.4 per cent. during May of the past year. On June 1 prices of staple crops were about 28 per cent. lower than on like date of 1912, 5.1 per cent. lower than in 1911, 3.2 per cent. lower than in 1910, 17.3 per cent. lower than 1909, on like date.

### MONTH'S RECORD IN LONDON MARKET

Aggregate Values Went Lower in May—Still Above March Level.

The aggregate value of 387 representative securities dealt in on the London Stock Exchange during May, 1913, was £2,485,174,000, being, with one exception (March, 1912), the lowest record since the American panic of 1907. Detailed figures over a term of years follow:

(Three figures omitted.)

1908. Nov. £2,650,106. Dec. £2,603,388. Jan. £2,603,388.

1909. Nov. £2,650,106. Dec. £2,603,388. Jan. £2,603,388.

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1991. Nov. £2,650,106. Dec. £2,603,388. Jan. £2,603,388.

1992. Nov. £2,650,106. Dec. £2,603,388. Jan. £2,603,388.

1993. Nov. £2,650,106. Dec. £2,603,388. Jan. £2,603,388.

1994. Nov. £2,650,106. Dec. £2,603,388. Jan. £2,603,388.

1995. Nov. £2,650,106. Dec. £2,603,388. Jan. £2,603,388.

## NO ENTHUSIASM IN MINING EXCHANGES

New Low Records on Dome Lake and Pearl Lake at Week-End.

### BEARS ENCOURAGED TO RENEW ATTACK

Rejection of Railway's Appeal For Rate Case Rehearing Gives Ammunition.

### MORE BALKAN WORRIES

Foreign Market Shows Evidence of Further Unsettlement.

NEW YORK, June 21.—Quotations were generally today under an outburst of selling, which in some cases forced stocks nearly to the low points touched on the severe break of last week. Trading was much more active than on recent days and the market was unsettled through the two-hour session. The chief cause of the week's selling was the refusal of the interstate commerce commission to reopen the freight rate case on the petition of the eastern roads for a 5 per cent. increase. While the action of the commission was modified by the statement that it would conduct an enquiry on its own account into the matter of present rates, the news had an acutely depressing influence on speculative sentiment.

The market's burden was increased by a decline of American securities in London before the opening here, and evidence of further unsettlement of the foreign markets. Consols fell to a new low record and the cables brought reports of serious conditions in the Balkans.

### Bears Encouraged.

Bear traders made the most of these conditions, attacking the whole list at the opening. Their efforts were furthered by the throwing over of long stock bought recently in the expectation that the recovery following last week's break would continue. Such stocks as Union Pacific, Northern Pacific, Reading, Steel, Amalgamated Copper and Smelting broke two to three points, while the others were within a point of last week's low. Amalgamated came within a fraction of