WILL PEACE COME SUDDENLY AS WAR?

Market Observers in New York Are Now Asking Themselves This Question

CONSIDER PEACE IN PROSPECT

Some Heavyweight Operators Feel That at no Very Distant Day Securities Will Begin to Discount Armistices and Possible Disarmament.

New York, January 11.—The greatest of all wars—the world war—was started overnight. It came on the markets like a bolt from the blue. They had no chance to discount it. Its unprecedented financial consequence had to be met always without warning, beginning August 1. The question now arises—and I have heard it discussed in high places of late with great seriousness—Will peace come as suddenly?

Inferences.

Six months ago nobody dreamed that the close of 1914 would see ten foreign nations, including all the great powers, at one another's throats. To-day few believe that the end of the European conflagration is in sight. Yet it may end as unexpectedly as it began. I find that some international bankers are leaning to the latter view for the first time since hostilities commenced. They believe that Germany is doomed to defeat—that already the Kaiser sees, in the crumpling up of his Turkish and Austrian reeds, the hand writing on the wall. In discerning speculative quarters, I understand, there is also a disposition to consider the probabilities of a comparatively early peace. Some heavyweight operators, in fact, feel that at no very distant day securities will begin to discount armistices and possiote disarmament. Since July last expert calculations as to the progress of the war and monetary developments have been so generally at fault that the shrewdest operators hesitate to predict what will take place when the war is over. Money has declined when it should have advanced and other equally paradoxical experiences are well known. But one thing seems certain. As peace will mean enormous new financing by the countries now at war, so it will be followed also by the release of tremendous gold holdings in Germany, England and France. Commenting on this prospect one of the most successful operators Wall Street has known remarked to me a few weeks ago: "Peace will bring the loosening up of a tremendous amount of hoarded money the world over, which will be followed inevitably sooner or later by a period of inflation in the security markets."

Side Lights.

It is a sign of reviving confidence among certain controlling interests that the latter's followers are backing their optimistic views with real money.

An improved outlook for trade and earnings has impelled them. This accounts for the rise in Bethlehem and American Can. Buyers of these stocks believe 1915 will be a year of large profits for both properties. The war, by the way, is not essential to the prosperity of either. It has helped the Reid-Moore Company somewhat but the big uplift in the latter's revenues will come from more permanent sources. The Schwab plants will not get all the war contracts to Charles M. Schwab captured abroad a little while ago. But they will make big money this year all the same.

The Administration and Wall Street.

Relations between the White House and Wall Street's foremost bankers two years ago, to put it mildly, were strained. To-day they are quite the reverse. An ex-member of our greatest foreign banking house, Paul M. Warburg, is the most influential member of the Federal Reserve Board. Benjamin Strong, Jr., former head of one of Wall Street's biggest trust companies is at the helm of the regional reserve bank of New York. J. P. Morgan, head of the foremost American banking house, is a member of the federal reserve council. The German banker, it has been said (and I believe without exaggeration) gave up a business income of some five hundred thousand dollars a year to accept appointment to a government post at a nominal stipend, while Benjamin Strong, Jr., exchanged one of the largest salaries paid to any bank officer for a nominal one to be received, as long as he cares to stay on the job, from the government. All this has had logical effect politically. It has led to closer intimacy between the Administration and the banking interests. Of course, there is not as yet complete sanity. Some eminent financiers still remember, not without bitterness, rebuffs experienced at the White House in the days when important legislative measures were bing ironed out. But these sores are healing. They do not change the fact that the leading banking interests have a new status at the capital. For a long time Washington ignored them. Now, occasionally at least, it confers with them.

Speculation.

That business on the Stock Exchanges will materially enlarge before very long is the belief of certain capitalists who are expected to play a notable part in bringing about the change.

The Personal Factor.

The personal equation, therefore, is likely to enter more importantly into market affairs. Powerful financial coteries, who have maintained a waiting attitude so long are, I may add, moderately confident in regard to the farther market outlook, including the Kuhn-Loeb group, which embraces the Rockefellers, the First National Bank interests, Daniel G. Reid, William H. Moore and the capitalists identified with the Bankers' Trust and the Guaranty Trust.

Muckraking.

Has the muckraker had his day? Probably not. No doubt he will try to exploit public credulity further. His partial disappearance from the magazines may mean that he is merely resting up. But the chances are that his audience has dwindled tremendously. The best evidence of the truth of this is the sudden scarcity of his effusions in the publications which used to employ him. Clearly the public is no longer to be fooled by the muckraker's attempt to prove that all big men are big crooks—that every great industrial management is honey-combed with graft. Too many of his claims have been exploded. J. P. Morgan has inherited his father's hatred of the men who write down individual and corporate reputations regardless of facts and conditions for the money and noterity there is in it. And I understand nothing in a long time gave him so much satisfaction as the findings of the committee which investigated the sale through his house of the Cincinnati, Hamilton and Dayton to the Erie. As everybody now knows, the inquisition made clear—what every informed person in Wall Street knew long ago—that J. P. Morgan & Co. banking house made only the usual commission in this deal and finally took back the railroad at a loss of several millions of dollars. Columns were printed in the yellow publications about the enormous "rake-off" which went into its coffers through this financing. Now the public has the truth. It will be similarly enlightened, I venture to predict, when final inquisition into the affairs of the New Haven is undertaken. The same sort of surprise is in store for it, I also believe, in the case of New York Central. None of Wall Street's big fiscal banking houses have overcharged the railroads for their services in raising new capital or negotiating the purchase or sale of properties notwithstanding the many charges of muckrakers to the contrary in the past five years.

The Bond Dealers.

Most of the large bond concerns and particularly those known as Morgan houses (as White-Weld, Kissel-Kinnicut, N. W. Halsey & Co., Potter, Choate & Prentice) are taking a fairly optimistic view of the investment prospect for the next few months. Their comparative cheerfulness, I understand, is predicted on the belief that a large volume of funds will seek the market if indications of steady revival of confidence are made good. Then an additional point is again made in these investment quarters of the relative plethora of money and the likelihood of a considerable period of low rates, owing to the new banking law.

Cash Buying.

As a rule stocks bought outright are paid for by check. Commission houses have this month done a considerable amount of this sort of business in lots ranging from 5 shares up. In some cases purchases were paid for literally in cash. Thus a member of a well known stock exchange house tells about a client who on being handed a memorandum of the cost of his investment, drew from his pocket thirty-one thousand dollar gold certificates and threw them on the broker's desk. "Take it out of that," said he, "and you will save me the trouble of making a deposit. I have had the money locked up since the war scare."

COL. J. CARSON,
Montreal representative on the Board of Directors of the Union Bank.

FALLING OFF IN CANADIAN REVENUE WAS EMPHASIZED IN DECEMBER

For Calendar Year Decrease Was No Less Than $44,621,299 as Compared With 1913.

Ottawa, January 11.—The financial statement of the Dominion for the month of December, the fourth month of the war, emphasizes the continued falling off in revenues, which will be the serious taxation problem the Government will have to solve when Parliament meets. Since the outbreak of war there has ben a decrease of nearly seventeen millions in total revenue, as compared with the last four months of 1913. For December, the decrease was 3,763,526, as compared with the preceding December.

For the full calendar year the figures are still more ominous. The total revenue for the last twelve months was $138,893,766, a decrease of no less than $44,621,299, as compared with 1913.

On the other hand, the expenditures for the ordinary cost of administration have increased by over fifteen million dollars, and in consequence the national debt has made an unparalleled jump during the course of the year. At the end of December last the net debt stood at $376,744,164, as compared with $303,562,101 at the end of 1913, an increase of a little over seventy-three millions during the course of the year. The temporary loans floated by the Government now total $24,466,666, as compared with $18,006,666 a year ago. It may be noted also that as a temporary expedient for raising ready money the Dominion note issue partly under the special legislation of the war session last August, has been enormously increased. The total of Dominion notes otustanding on December 31st last was $163,018,599, as compared with $118,460,674 at the end of 1913.

The drop in revenue has been, of course, mainly in customs receipts. The total customs rfevenue for 1913 was $110,324,813, as compared with $78,160,074 for last year, a decrease of $31,164,739, representing a falling off in imports by about thirty per cent.

Customs revenue for December totalled $4,706,117, a drop of nearly three millions, as compared with December of 1913.

Excise revenue and Intercolonial revenue also show a falling off of several millions.

The post office department alone, is able to show a slight increase over last year, despite the general financial stringency. This is partly due to receipts from the new parcel post system, although the revenue in this connection does not meet the increased cost of operation.

Expenditure on consolidated fund account for the first eight months of the present fiscal year has been $85,651,613, an increase of $9,663,688 over the corersponding year. Expenditure on capital account has totalled $32,674,937 for the eight months, a decrease of $8,154,020 owing to the abnormal railway subsidies totalling over fifteen millions paid in 1913.

SELLING ST. JOHN DEBENTURES.

St. John, N.B., January 11.—The city chamberlain is receiving subscriptions for $289,000 city twenty-year debentures of $500 each, with 5 per cent. interest, payable half-yearly.

Six per cent. bonds, due May 1, 1915, will be accepted in exchange.

Investors should take notice that already more than a third of the issue has been subscribed, and that the policy of first come first served is being followed, so that the sale will stop as soon as tenders for the full amount have been received.

AVERAGE PRICE OF STOCKS.

Average price of twelve industrials, 76.87, up 0.08; twenty active railways, 89.95, up 0.10.

UNION BANK OF CANADA

50th ANNUAL MEETING HELD AT Winnipeg, January 6th, 1915

PROFIT AND LOSS ACCOUNT.

Balance at credit of account, 29th November, 1913..	$ 90,579.03
Net profits for the year, after deducting expenses of management, interest due depositors, reserving for interest and exchange, and making provision for bad and doubtful debts, and for rebate on bills under discount, have amounted to	712,440.48
	$803,019.51
Which has been applied as follows:	
Dividend No. 108, 2 per cent, paid 2nd March, 1914..	$ 100,000.00
Dividend No. 109, 2 per cent, paid 1st June, 1914..	100,000.00
Dividend No. 110, 2 per cent, paid 1st September, 1914	100,000.00
Dividend No. 111, 2 per cent, payable 1st December, 1914	100,000.00
Bonus of 1 per cent payable 1st March, 1915, to shareholders of record as on 13th February, 1915	50,000.00
Reserved for depreciation in securities owned by the Bank	215,000.00
Contribution to Canadian Patriotic Fund	25,000.00
Contribution to Officers' Pension Fund	10,000.00
Balance of Profits carried forward	103,019.51
	$803,019.51

LIABILITIES.

Capital Stock		$5,000,000.00
Rest Account..	$3,400,000.00	
Balance of Profit and Loss Account carried forward	103,019.51	
	$3,503,019.51	
Unclaimed Dividends..	3,068.28	
Dividend No. 111	100,000.00	
Bonus payable 1st March, 1915, to Shareholders of record as on 13th February, 1915..	50,000.00	
		$3,656,087.79
		$8,656,087.79
Notes of the Bank in circulation	$6,382,214.00	
Deposits not bearing interest	17,578,783.38	
Deposits bearing interest..	45,867,181.32	
Balances due to other banks in Canada	28,075.45	
Balances due to Banks and Banking Correspondents elsewhere than in Canada	949,381.56	
Bills payable	97,333.33	
		$70,902,919.04
Acceptances under Letters of Credit..		1,988,590.91
Liabilities not included in the foregoing..		14,252.20
		$81,561,849.94

ASSETS.

Gold and Silver Coin	$1,161,052.58	
Dominion Government Notes..	5,949,614.00	
		$7,110,666.58
Deposit in the Central Gold Reserves		1,700,000.00
Notes of other Banks		649,580.00
Cheques on other Banks..		2,436,309.10
Balances due by other Banks in Canada		96,561.62
Balances due by Banks and Banking Correspondents elsewhere than in Canada..		2,980,292.19
Dominion and Provincial Government Securities not exceeding market value		570,707.50
Canadian Municipal Securities, and British, Foreign and Colonial Public Securities other than Canadian		420,207.63
Railway and other Bonds, Debentures and Stocks not exceeding market value		3,454,799.73
Call and Short (not exceeding 30 days) Loans in Canada, on Bonds, Debentures and Stocks		3,122,068.74
Call and Short (not exceeding 30 days) Loans elsewhere than in Canada		3,908,346.51
		$26,449,539.60
Other Current Loans and Discounts in Canada (less rebate of interest)		$50,866,304.58
Other Current Loans and Discounts elsewhere than in Canada (less rebate of interest)		472,815.49
Liabilities of customers under Letters of Credit, as per contra		1,988,590.91
Real Estate other than Bank Premises		165,784.80
Mortgages on Real Estate sold by the Bank		113,499.22
Overdue Debts, estimated loss provided for		310,561.51
Bank Premises at not more than cost, less amounts written off		929,020.14
Deposit with the Minister of Finance for the purposes of the Circulation Fund		260,000.00
Other Assets not included in the foregoing		5,733.69
		$81,561,849.94

JOHN GALT, President. G. H. BALFOUR, General Manager.

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF THE UNION BANK OF CANADA.

In accordance with the provisions of sub-sections 19 and 20 of Section 56 of the Bank Act we report to the Shareholders as follows:

We have audited the above Balance Sheet with the books and vouchers at Head Office and with the certified returns from the branches.

We have obtained all the information and explanations that we have required, and are of the opinion that the transactions of the Bank which have come under our notice have been within the powers of the Bank.

In addition to our verification at the 30th November, we have, during the year, checked the cash and verified the securities representing the investments of the Bank entries in the books of the Bank relating thereto.

In our opinion the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Bank, according to the best of our information and the explanations given to us, and as shown by the books of the Bank.

T. HARRY WEBB, E. S. READ, C. R. HEGAN, Auditors,
of the firm of
WEBB, READ, HEGAN, CALLINGHAM & CO.,
Chartered Accountants.

The President, Mr. John Galt, in moving the adoption of the Report, referred to the strong position which the Bank had maintained during the financial crisis and that they had not found it necessary to curtail loans for legitimate purposes. During the present war conditions our first duty is to defend the Empire; our next to devote all our energy to replacing the wastage of war by increased production, and it is to our farmers chiefly that this must be looked for. A splendid beginning has been made in an increase of about 20 per cent. in the land ready for next year's crop. Hard work, courage, and intelligent economy will undoubtedly bring us safely through the present ordeal. We have a fertile land with a hardy, vigorous and industrious population, and though for the time being, our progress may be checked, nothing can stop Canada from becoming a great and prosperous country.

In closing he expressed the regret, which he knew would be felt by all the Shareholders, at the unavoidable absence of Mr. G. H. Balfour, the General Manager, on account of his serious illness, and requested Mr. H. B. Shaw, the Assistant General Manager, to read the report.

General Manager's Address.

The General Manager referred to the unsettled financial conditions which are gradually righting themselves, but it would be necessary to continue a policy of extreme caution, and maintain a strong financial position.

The action of the Finance Minister in making Bank Notes legal tender and in promising financial assistance to the Banks (if required), had been of great assistance in steadying the financial situation and in avoiding anything in the nature of a panic.

It is a hopeful sign that the necessity for economy has been universally recognized, and that efforts have been put forth generally to develop our natural resources along lines that will give the best results.

The profits were at the rate of 14.25 p.c. on the Paid-up Capital, and were slightly less than last year. Securities have been written down by the sum of $215,000, which is merely a reasonable precaution in view of the present unsettled conditions. $25,000 has been donated to the Canadian Patriotic Fund.

The policy of maintaining a strong position has been continued and our Liquid Assets are 34.90 per cent. of our Liabiilties to the Public, with other sources of strengthening our position available.

Provincial Government Deposits show a decrease, but Public Deposits show an increase of $386,409.75.

Amount due by Banks and Banking correspondents, elsewhere than in Canada, shows an increase of $2,363,261.11, which is immediately available.

Bonds, Debentures and Stocks show an increase of $1,242,528.57.

We have subscribed for £50,000 of the recent British War Loan.

Call and short loans, elsewhere than in Canada show a decrease of $4,700,409.65. Other current Loans and Discounts, elsewhere than in Canada, show a decrease of $1,167,657.35. Current Loans in Canada show an increase of over $4,000,000.00.

Total Assets amount to $81,561,849.94, showing an increase of approximately $800,000.

Mr. R. T. Riley, the Vice-President, in seconding the motion for the adoption of the Report, referred to the fact that for fifty years the Union Bank has stood the test of time and with "BUSINESS AS USUAL" for our motto, we look forward with confidence to what the next fifty years has in store for us.

Auditors.

Messrs. T. Harry Webb, C.A.; E. S. Read, C.A.; and C. R. Hegan, C.A., were re-appointed Auditors of the Bank.

A resolution of sympathy for the General Manager, Mr. G. H. Balfour, during his serious illness, was passed, and the hope was expressed that he might be speedily restored to health and strength.

The customary resolutions of thanks to the Directors and Staff were passed.

The Scrutineers reported the following gentlemen elected as Directors for the ensuing year: Sir William Price, Messrs. John Galt, R. T. Riley, Geo. H. Thomson, E. L. Drewry, F. E. Kenaston, Wm. Shaw, W. R. Allan, M. Bull, Hon. Samuel Barker, P.C., M.P.; E. E. A. DuVernet, K.C.; Stephen Haas, Lieut.-Col. John Carson, J. S. Hough, K.C.; B. B. Cronyn.

The Meeting then adjourned.

At a subsequent Meeting of the newly elected board, Sir William Price was elected Honorary President; Mr. John Galt, President; Mr. R. T. Riley and Mr. Geo. H. Thompson, Vice-Presidents.

ISSUE OF $1,500,000 BONDS WILL BE FLOATED FOR COAL DEVELOPMENT

Tacoma, Wash., January 11.—Bonds for the development of 38,000 acres of coal, coking and timber lands in the Crow's Nest Pass coal fields, Canada, to the extent of $1,500,000, of which $300,000 worth are to furnish money for immediate development, are to be floated in Tacoma and elsewhere in this state. A pioneer Tacoman, who now lives in Suokane, Paul A. Paulson, is president of the company organized to develop the mines, which are said to contain the enormous quantity of 442,700,000 tons of easily recoverable coal and coke.

The new company is called the Canadian Continental Coal Company, with $5,000,000 capitalization, and has for its officers the following: Paul A. Paulson, Spokane, president; Charles E. Webb, Spokane, secretary-treasurer; James A. Harvey, K.C., Vancouver, B. C., vice-president C. W. Mason, who recently resigned from the Northern Pacific employ as chief clerk to the general manager, and G. Loudon Darley will represent the company's bond department in Tacoma.

The company's rich coal acreage is 300 miles northeast of Spokane. The former chief engineer of the Canadian Pacific Railway, a well known expert, gave the estimate of the field's resources in coal after an exhaustive survey of the property. Upon his suggestion an original tract of 70,000 acres was cut down to the 38,080 acres, now held, and which contain the best coal and timber. Of the recoverable coal it is said 292,700,000 tons are within immediate transportation on the Canadian Pacific. The $300,000 desired in bond sale will be used, according to Mr. Mason, to put the property on a producing basis, and the rest of the bond issue for further development when needed. Mr. Paulson lived in Tacoma nearly 25 years ago, and is well known among Northwest timbermen.

GRANBY CONSOLIDATED PRODUCED 22,000,000 LBS. COPPER IN 1914

Boston, Mass., January 11.—Between 22,000,000 and 23,000,000 lbs. of copper represented the 1914 output of Granby Consolidated Mining Smelting & Power Co. Of the total approximately 12,400,000 lbs. came from the Phoenix smelter and about 10,000,000 lbs. from the new plant at Anyox.

The rapidity with which the new Hidden Creek property came along after the first furnace of the new smelter was blown in during March was one of the most favorable factors of the past year's operations. Running at but two-thirds capacity this smelter turned out in October nearly 1,800,000 lbs. of copper at a cost, landed at New York, of eight cents a pound. Curtailment of production, maintained with other producers has restrained the management from ascertaining what the new plant can really do.

The Granby production for the past year was as follows:

	Copper, lbs.	Silver, oz.	Gold, oz.
Phoenix smelter .	12,331,332	256,849	24,735
Anyox smelter ..	9,620,117	100,903	3,144
Total	21,951,449	357,752	27,879

The Grand Forks property shout down in August as the management arranged under its curtailment program that production should come entirely from Hidden Creek. During December, however, two furnaces at Phoenix were again blown in not so much for the purpose of increasing production as for aiding employes in that district.

Some of the expectations with regard to operations at Hidden Creek did not materialize during November owing to a severe freeze which cut off operations to some extent. For that month it was expected that 2,000,000 lbs. of copper would be turned out at a cost of slightly less than eight cents a pound. As a matter of fact the production for that month was 1,652,607 lbs. as compared with 1,794,308 lbs. in October. December's yield was looked for to show still a further reduction of possibly 10 per cent. from the preceding month.

Granby did not put all of its proposed plans into effect last year. It was believed that the Alaskan purchase would start shipments, but the Midas mine operations were halted very largely by curtailment and it was decided to call off plans until this year.

FIRST WORK BELOW 500-FOOT LEVEL ON McINTYRE MINES

Cobalt, Ont., January 11.—The first work below the 500 feet at the McIntyre Mines, Porcupine, has just been started in the sinking of the main or No. 4 shaft from 500 to 600 feet.

Two drills are working in the shaft which will reach the new low level in February. From the new level crosscuts will be run to the various veins worked from the upper levels of this shaft.

At No. 5 shaft the 400-foot level was reached during December and work is now under way in cutting the veins in that vicinity and No. 5 vein, cut a few feet from the shaft, is proving up well.

The present intentions are to start sinking again at No. 5 about March 1st.

CHICAGO BANK CLEARINGS.

Chicago, January 11.—Bank clearings last week showed the first increase since the war began.

EXTEND TO SOUTH AMERICA.

Chicago, January 11.—The foreign trade committee of the Illinois Bankers' Association will urge an early establishment of branches of the Federal Reserve System in South America.

FIRST WEEK OF YEAR SHOWS GOOD TRAD

Generally Better Feeling, it is though Will Develop This Year. Steady Business in Sugar

PRICES HOLDING FIRMLY

No Change in Prices has been Made This Year—Ne York Continues Steady — Easy Market For Rice—Dried Fruits are a Firm Market For Most Lines.

The local grocery situation does not show a marked improvement in business for the first of t year 1915, but it seems to be the general opini among wholesalers that a better feeling will develop Collections, they report, are none too good, althoug country points say that they are holding up well.

Business in sugar is steady and there is little wea ness to the market, which is holding firm since t last decline in the price. At the new levels, so further enquiry has been noted but this is not of ve great volume. Some enquiries have been noted this country from England and France. The to in New York continued steady. Extra granulat is quoted at $6.30 per cwt.; Yellows, No. 1, $5.9 and No. 2, $5.75; extra ground, $6.70; powdered $6.5 Paris lumps, $7.05, and crystal diamonds $7.05 in ba rels.

The market for molasses continues quiet at rece levels, although a decline is forecasted in trade circle The commodity is not moving any too freely. Offe ings for the new crop have not been heard of ye Stocks on spot locally are sufficient to keep deale until the new crop arrives. Fancy Barbadoes quoted locally as follows: Puncheons, 38; barre 41; half barrels, 43.

In rice, the market has eased off somewhat owi to the large crops and business is not reported as ve active. The price holds about steady, while C. is selling at $3.10.

The coffee market has not shown any very gre changes this year, but some prices have eased slightl while others have stiffened over to a firmer tone. The is some improvement noted in the amount of busine passing, however. Bogotas are quoted at 26; Jama cas 23, Java 30, Maricaibo 22; Mexican 27; Mocha 2 Rio 17, and Santos 21 cents per pound.

Ontario, according to importers of tea, is sendi out some large enquiries, and judging from orders b ing placed for sittings, they are taking chances tea they would not handle if they were not specula ing.

London continues firm, as is Montreal, but busine is quiet.

Some firmness is noted in dried fruits. There a fairly strong market for Valencia raisins and stoc are small compared with previous years. Little chang has yet been made in the price of figs, dates or cu rants. These markets are firmer than was expecte