

WAR DOES NOT HALT AUTO PRODUCTION

Dealers in United States Report That
Domestic Trade is Not as Yet
Affected

VIEWS ARE CONFLICTING

Some Anticipate Benefits, Others See Discouraging
Future—Say That Export Sales May Fall Away
But Expect That New Fields Will Be Opened Up.

New York, August 18.—The effects of the general European war on both the export and domestic branches of our American automobile trade will be far-reaching in some aspects, but will not lead to any serious curtailment of production, according to letters received from practically all the prominent manufacturers by E. H. Greenwood, vice-president of the Manufacturers and Dealers' Motor Underwriters. The general consensus of opinion as expressed in the letters is, that while the American automobile industry may reap some appreciable benefits from the reduction in the output of the foreign factories, thereby lessening the competition from these sources. It will also be affected disadvantageously by a corresponding reduction in the export business to European countries.

On the other hand, the manufacturers point out, trade opportunities are opened in the many neutral countries which have heretofore been dominated by the foreign manufacturers. The most important fact developed in the canvass conducted by Mr. Greenwood, however, is that there will be no curtailment in the plans for production during this season. Realizing that a general European war would of necessity have some important influences on the American automobile business. Vice-president Greenwood, who enjoys very close business relations with the leading automobile makers of the nation, early last week wrote to them asking their views as to the effect of the war operations on their business and what attitude the manufacturers would assume on the question of carrying out their original plans for the season or the possibility of restricting their output.

Overproduction Evil Minimized.

The restriction of production is dealt with in a very interesting manner in a reply to Mr. Greenwood by an automobile man of national reputation. This authority makes the following significant suggestion:

"You may depend on one thing, that the makers are so well organized and have such reliable sources of information that in the event of weakness of demand there will be no such wild scramble to sell, due to overproduction; as there may in some other lines. I suppose the believers in the Sherman act would say that this is iniquitous and that the makers ought to produce as usual, but, throw their men out of employment and let the public reap a harvest through demoralization of prices. Fine business."

Depression May Hurt Domestic Sales.

The manufacturers of high class, expensive pleasure cars are apparently not contemplating any change in their original plans, but some of them believe the depression in the financial world resulting from the war may have a bad effect on their sales this season. One manufacturer of high priced pleasure cars and trucks writes:

"It is impossible to forecast accurately the resultant effects of the present war in our automobile business. Unquestionably, with the steady lowering values of standard securities a great many will refrain from purchases previously contemplated. The European export trade will of course be wiped out during progress of the war and in all probability will be less when it is ended."

"Altogether, the situation is one that, while impossible of accurate forecast, deserves serious consideration looking toward more conservative planning."

Temporary Disturbance to Trade.

The chief executive of another high-grade pleasure car manufacturing concern located in the northern district of New York gives the following opinion:

"It seems to me that anything that retards or disturbs business generally must be, at least temporarily, disturbing to our industry as well as others. At the present time we have no information that would be at all conclusive on this point, so far as our own sale is concerned, because at this season of the year, with vacations almost universal, it is not at all surprising to have a dull month in the point of available prospects and calls at our sales places. Inasmuch as our present output of cars was contemplated and arranged for almost a year ago, it is pretty difficult for us to change our plans suddenly. Consequently we are proceeding with what you might call a normal output at the present time."

Middle West Auto Men.

Opinions from other high priced pleasure car makers located in the Middle West are as follows:

"I had opportunity to inquire of a good many different people what they thought the effect would be on their own business, and some of them, frankly said it would affect them very disastrously, while others said that a prolonged war would be—temporarily at least—very profitable to them. Here the opinion seems to be that the war will raise the price of food products and thus benefit this part of the country."

"With the producers prosperous, merchants are likely to be sufficiently prosperous to offset the slowing down which would come from unsettled conditions due to other causes; hence I think my conclusion is that after we once get squared away the automobile

WAR ONE OF BIGGEST DRAWBACKS TO BUYING

But Claffin Concern in United States, Except in
Some Imported Lines, Has Been Doing a Good
Business.

New York, August 18.—One of the receivers reviewing the general situation of Claffin affairs, said: "Considering the delicate nature of business conditions in general, the Claffin Company is doing a very encouraging trade. Especially was this true during last week, when the big sale was started. The receivers did a total business of \$11,101,019, from June 24 to July 22, and during that time expended \$332,442, leaving a net of \$1,077,577."

"War abroad has been the biggest drawback to buying all over the country, and in most every line. This makes it necessary for jobbing houses to grant liberal extensions."

"I do not think the war has made any material impression on the amount of goods purchased from the Claffin Company, except in some of its imported lines. But the Claffin concern handles mostly domestic goods. They sell some goods abroad, mostly cottons, and shipments on these materials have been halted. So far no orders for blankets, underwear or other war requisites have been received from any foreign source. While little benefit has been derived from the war, I am glad to say the company has not suffered any extremely bad effects from it."

L. & N. EARNINGS.

Louisville and Nashville—June operating revenue, \$4,515,756, decrease, \$152,266. June operating income, \$259,947, decrease, \$312,322. 12 months operating revenue, \$59,592,777, increase, \$217,078. 12 months operating income, \$12,147,648, decrease, \$765,972.

PANAMA CANAL EXPENDITURES

Washington, August 19.—There has been expended to date on the purchase and construction of the Panama Canal \$360,173,375.33.

These expenditures have been classified to May 1: Administration . . . \$7,044,684
Law . . . 60,109
Sanitation . . . 17,208,154
Construction . . . 206,117,831
General items . . . 90,167,566
Fortifications . . . 6,290,505

business will be as good for this year as it would have been without the war."

Proceeding Cautiously.

"So far as we are able to determine at this time, it is not going to make any general reduction in the sale of our product. We have not contemplated any reduction, but are going ahead with our plans until before the European war. We, of course, cannot predict for the future, and the above statement is made for the time being only."

"We are proceeding with our manufacture along normal lines, but are using caution that we will be able to conform to sudden change in business conditions without trouble."

Opens Profitable Markets.

"The general effect of the war in Europe will be: 'First, to afford a ready market for American goods, particularly food stuffs, clothing and other necessities; second, since the European manufacturers are now unable to supply manufactured articles to the countries of South America, and Asia, much of this trade should fall to the United States.'

"Our greatest handicap at present is the lack of boats for carrying goods, but this will no doubt be provided for, since it will be of interest not only to the countries mentioned above, but to Europe as well to have a prompt and reliable means of transportation between the United States and other countries."

"We are going right on with our next year's production without regard to the European war, as our line is particularly interesting for the coming year, our selling agents are all confident and not the least disturbed by troubles in Europe."

"In regard to the general European war situation we beg to advise that we are going ahead with our regular schedule. We are of the opinion that the countries that are now engaged in war will not be able to consume motor trucks because of our inability to ship them, and we do believe that the countries that are not engaged in war will give us additional business because of the inability of European nations, who are in war, to follow up their usual export business. We believe this will help American export business to quite an extent."

As Big Motor Truck Company Views It.

"It is our opinion that the general European war which is now taking place should not materially affect the commercial motor vehicle business of this country. As our own business consists entirely of the manufacture of commercial motor vehicles, we do not feel that we are in a position to say very much in regard to the pleasure end of the automobile industry."

"As to our plans of production, we do not at this time intend to make any change from the programme which we laid down some few months ago, which determined schedule of production runs over the next several months. It may be of interest to you to know that during the last week the booking of orders by our various branches have been just as good, if not a little better, than the previous few weeks."

"It is our opinion that if the merchants and manufacturers of this country will content themselves with looking on at what is transpiring on the other side of the water, and pay close and strict attention to their own domestic business, they will be the ones that will reap the benefit from the tremendous prosperity which must ultimately come to this country because of this frightful European eruption."

ITALY NOW LARGELY COMMERCIAL NATION

That Fact is Demonstrated by Yearly
Increase in Importation Raw
Materials

CROPS WERE ABUNDANT

But Last Year There Was General Business Depression
Throughout the Country, Marked by Uncertainty and Practically.

Washington, D.C., August 19.—Italy has shown a wonderful commercial development within the past twenty-five years, and during that period has nearly doubled both its imports and exports, says our Consul-General at Genoa.

This is all the more remarkable when it is considered that during that period, from a purely agricultural country, it has largely become commercial. This is demonstrated by the yearly increase in the importation of raw materials.

The country's progress during last year, however, was checked by several unfavorable conditions, and the year generally was unfavorable both economically and financially. There was a general business depression throughout the country, marked by uncertainty and inactivity.

Agriculturally the country was prosperous, for the crops generally were abundant, although some regions suffered because of unusual weather conditions. This was especially so in Sardinia and Sicily, where almonds and olives suffered from drought and cold. Then there was a short silk crop, and this assisted materially in the general unrest of business.

Bad Year For Investments.

It was a particularly bad year for investments of all kinds, and money was scarce and tight. High rates obtained, and the financial situation became so bad that there was a premium on gold. The public, wanting to invest in long-term collateral and industrials, turned to Government-guaranteed short-term bonds. The general business depression brought labor troubles, and strikes were numerous and grave throughout the year. Political disturbances in the Balkans and reports of financial failures in South America, where Italy is largely interested, accentuated the unfavorable condition of affairs.

Although the silk crop was a disappointment, there was a general awakening in the cotton industry and improved conditions were noted. The iron and steel industry practically held its own in the face of serious conditions, such as overproduction and keen competition with Germany.

Building operations were halted, and there was a crisis in the sugar market, due primarily to overproduction. The marble industry suffered through strikes, and the automobile industry faced a serious condition, due to strikes and general financial stringency. There was a marked decrease in the shipping, due to a strike followed by a lockout.

Most Potential Factor.

The most potential factor in influencing the business situation in 1913 was the Government issue of 5-year Treasury bonds at 4 per cent. net. About \$150,000,000 of these bonds were issued in the previous year, and toward the close of the year the Government announced a further issue of \$55,970,000. These were issued in January, 1914. The deviation of this large sum from general investment was keenly felt in all industrial lines, and operated to no inconsiderable extent in checking the industrial progress of the country for the year. These short-term Government bonds were eagerly subscribed, while industrial and municipal bonds of longer life, at slightly reduced rates of interest, found little support from the investing public. The purpose of the Government in floating this large bond issue was to meet the expenses of the Tripoli campaign and certain important State improvements.

THERE WAS NO PANIC IN THE REAL SENSE OF THE WORD

By Tacit Agreement Jobbers at London Declined to
Deal, Declined Given to Note Normal
Prices.

"The Stock Exchange insists," wrote the London Economist, on the day (Friday, July 31) when that institution closed its doors, "that up to Friday, there was no panic in the real sense of the word. Nor was there. There has been an absence of the deafening clamor, the pallid faces, the offering of lines of stock in falls of a full point every time, the gaps of sudden silence, such as used to accompany a panic."

"Wednesday morning, the pay-day following the formal declaration of war, exhibited a condition of affairs without parallel in modern Stock Exchange history. By tacit agreement, in most cases unexpressed, jobbers in every part of the Stock Exchange declined to deal, declined even to quote nominal prices. There were no prices, said the jobbers unanimously. Wide nominal quotations were furnished for the tape, and for filling in the various brokers' lists sent out to private clients; but of actual dealing there was none."

"Save for the suppressed excitement, it might have been a Saturday morning in the height of the dog-days. For nearly an hour members talked in quiet tones, discussing the situation, asking one another what would be the probable outcome, framing discreet answers to telegrams which contained selling orders. The hammer fell twice at the official opening of the Stock Exchange at a quarter to eleven, and at intervals up to three o'clock the horrid noise cut across markets, seven-firms in all declaring themselves, in addition to one failure unanimously. On the previous day, almost insensibly, business slipped into channels that approached the normal, although for two or three hours transactions were not by means of negotiations—not by that of price-making. Activity developed in the street markets, where large crowds gathered; while at the principal banks queues of Stock Exchange men were asking anxiously whether all the checks they had paid in that day had been met."

"The announcement of Friday morning, made soon after ten o'clock, that the Stock Exchange would be closed until further notice came as a final thunder-clap in the ears of the members. Excited crowds thronged Throgmorton Street, where the committee's action was said to be due to the fact that the postponement of the Paris settlement, already announced, would have caused the hammering of dozens of London firms having accounts open with that centre."

President Wilson received a long message from the Kaiser explaining Germany's position in detail. Its contents were closely guarded.

WHEN WATERLOO WAS FOUGHT STOCK EXCHANGES WERE OPEN

If Open Now, Ninety-Nine Years Later, Prices and
Cabled Quotations Would Possess Unusual
Interest.

With the lines of the German army and of the Allies drawing closer; with the reinforcements known to be coming into place, the outposts feeling the enemy's strength, from Liege to the Vosges, and yet with the censor's firm hand on the sources of information, one begins to feel what service the Stock Exchange might perform, if open. Imagining the markets of London, Paris, and Berlin now freely operating, and prices in each of them accessible, the cabled quotations would possess unusual interest. In the possible line of battle now impending stands the town of Waterloo; and it happened that, when the famous conflict there was fought, ninety-nine years ago, the channels of information and the Stock Exchanges were open.

That battle was fought on June 18. British consols had fallen from 89½ at the opening of June to 55½ that day. Communication, in those days, was slow; there were no telegraphs, and London usually got its news from the Continent two days later. On the 16th the Prussians met their severe reverse at Ligny, and that was all the news that the city had, on the day of Waterloo itself. There will come a day or two when London, even with cable and telegraph, will have another such period of suspense, and when the Brussels dispatches to the London papers will possibly describe again, as they did under date June 17, 1815, "the cannonade, which was terrible, and was distinctly heard here"; and the "immense crowd of inhabitants of this city which went out at the gates of Namur and Halle."

On July 20, the London Times, in a double-leader editorial, told that "a Mr. Sutton, who we understand owns the packets plying between Ostend and Colchester, had heard at Ostend the news of a great victory, and had ordered one of his vessels at once to sail for England, though without passengers; he himself crossing in her." Mr. Sutton thus seems to have brought the first news; but on the same day, "those who watched the operations of the Stock Exchange were persuaded that the news would be followed up by something still more brilliant and decisive; some houses, generally supposed to possess the best information, being among the purchasers."

What ensued was interesting. Official news of the battle of June 18 reached London on the 21st, in Wellington's terse announcement "the complete overthrow of the enemy's army." Consols advanced, yet they rose only 4 points in the next four days. Of French rentes, one Paris newspaper remarked, when the news of Waterloo came in, that "the rapid rise of the public funds, amidst our disasters, presents a vast field of meditation." They stood at 56 on June 14, when Napoleon left Paris for the front. They closed on June 30 at 65½.

"RUN" ON THE BANK

Financial Critic Tells How the London Public Conducted Itself During the Events of
July 31st.

It was on Friday, July 31, when the London Stock Exchange closed its doors, the Bank of England rate rose to 8 per cent, and the "run" on the Bank for gold began, which sent the official rate to 10 per cent. next day. The events of that notable day are thus commented on by the Standard's financial reviewer:

"An event which, in our judgment, requires to be dealt with quite frankly, was the undoubtedly large demand which was noticeable for actual gold. To some extent, no doubt, this demand was due to the rather natural but still very absurd notion of hoarding, but for the most part we are quite convinced that there was a much simpler explanation. Not only did to-day's political and financial troubles unfortunately coincide with the closing day of the month and the end of the week, when salaries and wages had to be met, but in addition there were the usual heavy demands on the part of the holiday makers."

"Some of the banks, so far as may be judged, acted a little unwisely in giving too great a proportion of bank notes in return for cheques presented, and a great deal of this money being wanted not for hoarding, but for wages, salary, and holiday disbursements, there was no other resource but to go to the Bank and cash them. Consequently, there was a stream of such applicants, which attracted attention. As a matter of fact, five-sixths of the individuals within the precincts of the Bank represented anxious waiters to see what was the change in the official minimum, while a still larger proportion were city men, who were engaged in discussing with their fellows the political and financial events of the hour."

The Bank, however, actually lost \$25,000,000 gold in the next seven days.

EUROPEAN BANK RATES

Where These on the Continent Now Stand, in Comparison With This Time in Other Years.

The following table shows last week's official minimum discount rate of all the European state banks, with the respective dates at which the present rates were established and the rates at the corresponding dates in previous years:

Bank of—	change.	'14.	'13.	'12.	'11.
England	Aug. 8, '14	5	4½	3	3
France	Aug. 1, '14	6	4	3	3
Germany	Aug. 1, '14	6	6	4½	4
Holland	Aug. 1, '14	6	5	4	3½
Belgium	Aug. 3, '14	7	5	4	3½
Austria	Aug. 3, '14	8	6	5	4
Italy	May 9, '14	5	6	5½	5
Switzerland	Aug. 1, '14	5½	5	4	3½
Russia	July 29, '14	6	5½	5	4
Spain	Sept. 24, '03	4½	4½	4½	4½
Portugal	Jan. 15, '14	5½	6	6	6
Sweden	July 30, '14	5½	5½	4½	4
Norway	Aug. 4, '14	6½	5½	5½	4½
Denmark	Aug. 10, '14	6	6	5	4

FORE RIVER SHIPBUILDING

Retrenchment Plan of Bethlehem Steel Does Not Affect Work Under Way.

The retrenchment plan of the Bethlehem Steel company will not affect the work now under way at the Fore River Shipbuilding plant at Quincy. The parent company had been making addition to its plants at the rate of \$750,000 annually. Owing to the condition of the money market, these plans are to be held up for the present.

At the Fore River works the company has 4,250 men employed, the largest number in the history of the concern.

CIGAR FACTORIES IN CUBA HAVE CLOSED

European Orders Have Been Cancelled
and Only Business Left is from
North America

SITUATION IN ENGLAND

Factories Could Not Continue Operating Without Incurring Great Losses—Will Await Heavy Accumulation of Orders Before Reopening.

New York, August 18.—According to tobacco trade leaders in this city, with two or possibly three exceptions, every prominent cigar factory in Savannah has closed down. The leaders assert that not only will the war in Europe have a most vital effect upon the Cuban cigar business in Havana but in the United States as well.

It is said to be a fact that nearly all of the Cuban factories having stopped operations. Shipments from Havana will soon be eliminated, and most of the factories will remain suspended until there is a large accumulation of orders and probably until some time in September, when preparations begin for the holiday trade production.

Charles Landau, North American agent for the Upmann factory, Havana, explains the suspension of operations by Cuban factories as follows:

"Since all European orders have been cancelled, the only business left to the manufacturers of Cuba is that of the United States and Canada. The Mexican and South American business had already dwindled to practically nothing as a result of revolutions and depleted finance in those countries."

Exports Cut Down.

"Now the total exports of Cuban cigars last year were 132,000,000, of which Canada and the United States took only 66,000,000. With their total export cut down, therefore, to one-third of its normal volume, the Cuban factories cannot continue to operate without sustaining great losses. In addition to this sudden stoppage of outlet is the all important feature of wrapper selection."

"Europe is a dark-cigar market. In Spain, Italy, Portugal and those countries black cigars exclusively are used, and in Germany, France and England dark ones are also in general demand, whereas in the United States nothing but Colorados and Claros can be marketed. With Europe as an outlet for his dark tobaccos, the manufacturer has been able to produce on a close profit basis goods suitable for the American trade."

"Now with no outlet for his dark tobaccos, the entire economic scheme of his business collapses like a house of cards. The fixed charges of some of the larger factories are considerably over \$10,000 a week, taking into account monthly and yearly salaries that have to be paid; but, even so, it will be less expensive under present conditions for such factories to suspend."

Business Must Accumulate.

"It is my opinion that the manufacturers will continue to collect orders, but they will resume operating only when enough business has accumulated to make operation practicable. Personally, I cannot see how the factories can do anything but wait until the shortage of imported goods in this country breaks down American discrimination against dark-colored cigars. It would not surprise me if eventually this will come."

"Certainly, as every cigar man knows, the manufacturers in Cuba cannot continue to manufacture without an outlet for these dark tobaccos. I do not like to take a pessimistic view of the future, but facts are facts, and there is no use trying to evade them."

ADVICE TO THE INVESTOR

Stocks Not Intrinsically Depreciated by Slumps
Arising from Events That Do Not Directly
Effect Security Affected.

"In times of international crisis like the present," writes the London Financial Times, "the average investor is necessarily a small figure and individually plays a small part, though on occasions his collective and cumulative action becomes a factor neither insignificant nor to be ignored. But to himself and those connected with or dependent upon him his interests are all important, and he naturally wants to know how best to conserve them. He sees prices tumbling or non-existent, and he is anxious to know how to act so that he emerges at the end of the trouble with the minimum of loss or with none at all."

One has to remember that a security which is inherently good is not intrinsically depreciated by slumps arising out of events which do not touch the worth of the assets which the security represents. It is perfectly safe to say that even were the leading European states to become involved in an armageddon, which we are all devoutly hoping they will not, the various government stocks would remain quite sound. It is just conceivable that interest payments might for a short time be suspended in some cases, but a repudiation of principle, no matter what changes in administration took place, does not nowadays fall in the category of reasonable happenings. The main point on which stress is to be laid is, that recovery there would be sooner or later."

TRANSVAAL GOLD IN JULY

Value of Production is Reported to Have Been the
Largest of Any Month in Past Twelve.

Gold output of the South African mines during the month of July was reported to be 732,485 fine ounces, valued at \$3,111,398. The total value of the July production was the largest since June, 1913. The total in that month was 747,077 ounces, with a value of \$2,173,333.

Following is a comparison of the value of output, figures being compiled by the Transvaal Chamber of Mines:

	1914.	1913.	1912.
July	\$3,111,398	\$2,783,917	\$2,355,198
June	3,049,553	3,173,352	3,202,517
May	3,060,090	2,373,998	3,311,794
April	2,904,924	2,334,358	3,133,383
March	2,917,346	3,358,050	3,528,628
February	3,118,352	2,989,532	3,289,532
January	2,768,470	3,353,116	3,130,839

	1912.	1911.	1910.
December	2,897,938	3,297,962	3,015,499
November	2,860,788	3,216,965	3,057,213
October	3,051,701	3,265,150	3,010,150
September	2,999,686	3,176,846	2,970,565
August	3,092,754	3,248,395	3,230,860

WAR TIME AMERICAN METAL PRICES

Canada and United States Supply
p.c. of World's Consumption
Copper Metal

THIS METAL HAS DECLINED

No Outlets Was Open to Relieve Copper
Corners Ferro-Manganese Markets. It
is Produced in North America, Except
on the Iberian Peninsula.

New York, August 18.—Among those metals which are largely imported into this country, and which are in the line of the foreign war and the ocean traffic the last fortnight, has a startling price changes. In some instances it has advanced 200 per cent. Following is a list of important metals with prices before the outbreak and present quotations:

	Former price.	Present price.
Copper	13.50c. per lb.	12½c. per lb.
Tin	30c. per lb.	70c. per lb.
Spelter	4.85c. per lb.	5.35c. per lb.
Lead	3.62½c. per lb.	3.75c. per lb.
Antimony	5c. per lb.	15c. per lb.
Aluminum	15c. per lb.	20c. per lb.
Platinum	\$40 per oz.	\$45 per oz.
Ferro-manganese	\$57.87 per ton	\$140 per ton

Copper has declined in price because the States and Canada produce 55 per cent of the supply and on the average ship 55 per cent of output abroad. The rest of the world's production is scattered among 20 other countries with Japan and the United States, and producing 5 per cent of the world's output.