

CONFIDENCE IS THE ADVANCE AGENT OF PROSPERITY

OUR country is at war, and our young men on their way to the battlefield. Every Canadian feels they will do their complete duty and thus reflect credit upon themselves, and the country they so well represent. We have confidence in them.

WE have confidence in Canada. Ours is a country of infinite resource and wonderful possibility. It has not been, and will not be, affected by the war to a degree sufficient to cast the slightest shadow across our path of future prosperity. Canada is all right.

WE have confidence in St. John. This city has weathered periods of stress and storm as severe as anything the war is likely to produce, and we have come out stronger, and more prosperous than ever. The history of the past is the guide post to the future.

WE have confidence in the ability of our Empire to surmount the difficulties at present facing us. There is no cause for pessimism or panic; absolutely no excuse for doubting the power of Great Britain to bring this war to a satisfactory termination.

WHEN the war is over Canada must experience prosperity greater than the fondest hopes. St. John's situation and facilities make it certain that we will share in the good times to come. In the meantime our people must live their ordinary lives, must pursue their business as usual. We believe it to be the duty of all citizens to extend every effort to keep things moving in established channels and we invite your co-operation to this end.

McRobbie Shoe Co., Ltd.
H. N. DeMille & Co.,
Waterbury & Rising, Ltd.,
L. L. Sharpe & Son,
Ferguson & Page,
Scovil Bros., Ltd., Oak Hall,
F. A. Dykeman & Co.,
J. & A. McMillan,
Wanamaker's Restaurant,

Sharpe's Confectionery Store,
H. Mont Jones,
Silas McDiarmid,
Marr Millinery Co.,
J. L. Thorne & Co.,
F. E. Williams Co., Ltd.,
Consumers Coal Co.,
A. Ernest Everett,
A. Gilmour.

WORLD THE FINANCIAL CONDITIONS OF THE NATIONS AT WAR

Survey of Money Markets of
the Belligerents—How Ger-
man Loan Was Oversub-
scribed.

(Special Correspondence of the Even-
ing Post.)

Amsterdam, Sept. 21.—Writing almost within a few miles of the terrible conflict in which the next chapter of European history is being determined, one feels a certain sense of impropriety in talking of financial and economic aspects of the war. Yet the excuse for such discussion is the enormous and increasing importance of such considerations to the nations whose soldiers are on the battlefield.

If there is one fact patent to every observer, it is that, notwithstanding the far-reaching efforts made by the various Governments—many of them extremely ingenious—to coax back trade and finance into their normal course and volume, the commerce of the world has been disorganized and decimated. But while the result of the measures taken is bound to be disappointing (since they are impossible to remove the continuing cause) they are nevertheless giving great relief.

England has, in this as in many other respects where the nation's welfare is concerned, demanded Government intervention. set an example; though, so far as such things are comparable, Holland has run her very close. Of the situation in other countries it is more difficult to judge, for details are meagre. In Germany, at any rate, the Government has been fully alive to the importance of effective emergency action.

England and Germany.

For reasons manifest to every one, however, the effectiveness of the measures of financial relief has differed in the different States. In particular, the disadvantages under which Germany labors—owing to its geographical position and England's mastery of the sea—are nowhere more clearly reflected than in the wide disparity between the terms on which Germany and England are borrowing for the war requirements. While English Treasury bills are changing hands on a basis as low as 2 1/2 per cent, Germany is paying close upon 6 per cent. It is true the former have six months, the latter on the average five years; but, even allowing for this, the difference is impressive. The high German rate has occurred notwithstanding a system of the most elaborate and exceptional facilities, which, arranged in thorough German fashion down to the minutest details, has been placed at the disposal of intending subscribers.

Probably your market, as well as ours has wondered at the reports that the enormous German war loan is being promptly covered by German investors. But at least one explanation is the propaganda of subscription. Knowing that the interest charges on the borrowings will be higher than the yield obtainable on the war loan, they try to sweep aside the scruples, felt and expressed by a large section of the public, whose instinct tells them that this is bad finance, by arguing that, under the circumstances, such a policy is permissible, and even advisable.

Methods of Floating a War Loan.

The percentage limits publicly announced by the official loan institutions, for advances on securities pledged as collateral for such loans, have been specially raised for the purpose. Up to 75 per cent. will now be lent on outstanding German and Prussian state bonds, as against 70 per cent. to which the allowance had been previously raised. On shares of large German companies, 40 to 50 per cent. of the value at last authentic quotations can be obtained, with a maximum in some cases of 125 per cent. A large number of American bonds are accepted as collateral for 40 per cent. of their value.

It is needless to say that very serious economic objections must surround any such process. These manoeuvres neither create new wealth, nor, in the strictest sense, do they draw on the resources of old wealth. They transfer to the Government capital which is raised through engaging the people in still larger debt. This capital itself is not productively invested, and it is drawn from a private stock of capital which is not being rapidly increased through peaceful industry. In this regard, a great advantage lies with England, where a fair amount of productive activity is still being carried on.

Other Markets.

As for France, the fact that the Bank of France has suspended publication of its weekly returns makes it impossible to judge of the position in that country. In itself the possession of a large stock of gold, though doubtless giving a large measure of stability, does not necessarily reflect prosperity. In fact, this gold would become a sterile hoard if it were no longer to represent the basis of a form of credit essential to the community for the conduct of its business—paper money—but were to become merely the security for an exactly equal amount of paper money, while the balance of the paper money outstanding would be represented by assets that could not for the time being be liquidated.

That would be the extreme effect of complete economic stagnation. For the present, there can be no question of such a situation arising. As to the German Reichsbank, its total gold reserve against its notes is apparently more than 25 per cent. above last year; but the note circulation itself,