

LONDON MARKET UPSET BY PARIS

Holding Up of Big French Loan Checks Incipient Rise in Prices.

TIMID IMPROVEMENT IS THE FORECAST

Fear Expressed in British Capital That U. S. Will Shortly Re-quire Gold from Europe.

[By Cable to The Tribune.] London, Dec. 7.—The feeling of uncertainty caused in London and in the principal Continental centres by the defeat of the French government on the bill authorizing the new loan and the check to the previous well defined improvement is now very likely to continue until the new year. However, it does not necessarily follow that bad conditions will prevail in 1914.

In fact, rather the anticipation is, as "The Statist" says, that there will be a period of rather timid improvement, for the feeling that prevails among the leaders is that they must not go too far—in fact, must feel their feet before committing themselves too much—but gradually the conviction will spread that the need for fear is over. Then we shall see a return to that state of mind in which both investors and speculators will be prepared to take risks.

One reason for this optimistic attitude is that much money is about to be borrowed in France, not for the new outlay, but for the funding of debts incurred long ago and intended to reimburse persons who advanced money, and with the new loan being issued, these will be in a position to engage in new enterprises. Another reason is shown in the large amount of unemployment reported, notably in Germany and Austria-Hungary.

The trade demand for money is not as large for 1914 as in 1913. It is thought in England that the United States should take the lead in the improvement, as she has an immense credit balance in Europe and her purchases on this side of the water are bound to stimulate activity. Russia, too, is in a position to buy largely, as her exports considerably exceed her imports.

Further slackening of trade in France and England is predicted, but it is not so easy at this time to forecast the probable immediate course of the money market, since action on the French loan has been held up, but it can be said with safety that if the bill is passed without delay and the loan is launched before Christmas there is not likely to be much change in the international money market. But if the crisis is protracted the vast accumulations of money in Paris collected in anticipation of the loan will probably be sent to London, Vienna and other centers. This might mislead some into thinking that money was easy, but in such case it should be remembered that immediately the loan is assured the money will be taken out again and returned to France. Even if, under conditions indicating plenty of money here, the bank rate were reduced, there would be a considerable withdrawal of gold.

Russia is now adding largely to her reserve, following in this the lead of France, Germany and Austria-Hungary. The Viennese bank wants to increase its supply, but conditions are not favorable. London experts say that the financial condition of the United States is not as satisfactory as it was and the fear is expressed that the will soon ask Europe for gold.

The bank's reserve decreased \$5,859,260, now standing at \$131,421,035. Bullion decreased \$3,992,105, now standing \$183,120,935. Call money ruled on Saturday at 4 1/2 per cent, weekly fixtures being at 4 1/2, two months' bills at 5, three months' bills at 4 1/2 and six months' bills at 4 1/2 per cent. The proportion of reserve to liabilities is 54.14, as compared with 54.38 last week.

THE PRINT CLOTH MARKET

Sales Last Week the Largest for Two Months.

[By Telegraph to The Tribune.] Fall River, Mass., Dec. 7.—Sales in the print cloth market last week were considerably larger than for any previous week for two months. The great part of the selling was done since last Wednesday night, when the operatives voted not to press their demands for an advance in wages at that time. From Wednesday manufacturers refused to sell at lower prices, even though rumors were afloat that the operatives would vote to strike. Some of the outside manufacturers were accepting lower prices offered, particularly the Southern mill men, but the demand was not fully met.

Many manufacturers here are still refusing to reduce prices, but others, assured of continued running, want to provide for moving a part of their product. The accumulated inquiries for goods have not been satisfied, but new inquiries have been moderate.

The total sales for the week are estimated at 175,000 pieces, of which probably 6,000 pieces were spots or for delivery during the remainder of the current month. The selling ahead has been for the winter during the first three months of next year. Both wide and narrow goods were sold, usually odds, and at prices from one-sixteenth to one-eighth of a cent off last week's quotations.

PARIS BOURSE EXPECTS A BOOM

Rise in National Funds Anticipated in Formation of New Ministry.

STATE BONDS ACTIVE; OTHER SECTIONS DULL

Attention Again Unfavorably Directed to Stocks and Bonds in American Railroads.

[By Cable to The Tribune.] Paris, Dec. 7.—The Bourse was firmer at the end of the week, owing to repurchasing of rentes in the expectation of a boom in the national funds as soon as the political crisis is ended. Russian industrials are showing considerable activity and foreign state bonds are in demand, but the market for other securities is extremely dull.

Much discussion is being heard here on the subject of the withholding of payments by the Missouri, Oklahoma & Gulf Railway Company and of its affiliated company, the Missouri, Oklahoma & Gold Railway, and, coming after the incidents connected with the St. Louis and San Francisco lines, this action has caused much anxiety among French holders of American railroad stock. These seem to fear that all railroad companies in the United States may eventually be compelled to follow the lead and be subjected to the same fate sooner or later as the above named railway systems.

French financiers think that the information concerning Missouri & Oklahoma is to be regretted because the type of bonds issued by this company so closely resembles the sort of bonds to which the French general public is accustomed—that is, that the company has had in view a plan, not of redemption at par at a fixed date, but of making conditions for redemption at par by annual drawings by lot.

This clause, which is contrary to American custom, was thought here to be a sure guarantee against all misfortunes which fall on American railway enterprises. It is now regretted that this remedy was of no help, and only proves that the guarantees of all securities rest solely on the margin between the expense of the service of the bonds and the net profits attributed to them.

Doubtless the payment in entirety and at fixed dates of the capital invested in bonds may be inconvenient at times of monetary tension, but practice has shown that the great American railway systems enjoying high credit in the country have never met with difficulties in renewing their loans.

Moreover, American railway companies have the right to renew their loans falling due because they are absolute owners of their railway property, their grants being for all time. A comparison between American companies and French may be interesting, the French companies being often quoted as models of careful industrial and financial management.

One American railway company chiefly interests the French market through the number of its shares held in this country. That is the Otchison, Topeka & Santa Fe Company. Therefore, a comparison with this railway will be typical.

One of the most important considerations in railway administration is the keep-up of the rolling stock, the permanent way and its dependencies. The cost of maintenance on the Atchison line amounted to only \$534 a mile in the year 1897, but the outlay has increased threefold within the last seven years.

Taking this railway as an example, the expenditure on American lines is far higher than on the French systems for renewing the rolling stock and the service and maintenance of the systems. The expenditure for working the American railways has been much more spasmodic, and necessarily so, than for the upkeep of the rolling stock, for the using up of the latter does not come under the same conditions.

Here, again, the same circumstances do not apply to the French systems with their much shorter lengths of track, but on the other hand more centralized traffic, than in the United States, taken as a whole. The respective wages of railway employes and freight and passenger traffic returns vary in the two countries, but the careful management of French railway finance is exemplified in the stability of the market levels of the bonds and shares of the French lines, the regularity in the dividend returns and the fact that bonds of the principal railway systems in France are considered to be as sound an investment as government securities. In fact, bond or share certificates of the Northern France Railway or of the Paris, Lyons & Mediterranean, for example, are regarded as the very best of gilt-edged stock.

UNSEASONABLE WEATHER RETARDS BUSINESS

Commercial Agency Reports Not Favorable for Week—Some New Business.

The reports of the commercial agencies show that the general retail and holiday goods demand has been limited during the last week and that business in the wholesale and jobbing lines is being conducted on a conservative basis. A further slackening of industry in some lines is reported, and, on the whole, the returns for last week were not favorable. "Dun's Review" has the following: "Complaints are still heard of the retarding influences of mild weather, which restricts the retail demand for heavy-weight apparel and other seasonable merchandise. Holiday trade, however, has

opened up well and, though quietness prevails in practically all staple lines, a broader movement is anticipated with the advent of lower temperatures. Appreciation of labor troubles at textile centres, notably at Fall River, has been removed at least for the present, but scarcity of operatives keeps production below the volume of distribution. An easier tendency is manifest in cotton goods for contract delivery, but spot values hold steady and recent inventories by Western jobbing houses indicated more prosperous conditions than a year ago. Upon the removal of the tariff on wool at the opening of the month heavy withdrawals from bonded warehouses were made by manufacturers and dealers, yet the domestic situation is not affected by the change, which had been fully discounted. Machinery at shoe factories is running to capacity in most instances, principally on spring and summer orders, but the demand for immediate requirements is mainly confined to small lots. There is no accumulation of desirable grades of leather in any quarter, and the maximum prices are readily obtained for all the supplies needed. The depressed state of the iron and steel trade is reflected by a sharp falling off in the output of pig iron last month, the rate of production being the lowest in almost two years. There was a considerable net loss in the number of active furnaces, while the steel works continue to curtail operations. A somewhat better inquiry, however, has developed in certain districts and the decline in quotations encounters more resistance. In spite of the fact that the weather has favored outdoor construction, building operations during November were lighter than those of a year ago, comparatively few cities showing expansion as compared with that time. "It is gratifying that there were fifty-seven fewer commercial failures in the United States during November than in the preceding month, even though the business mortality of the country was heavier than in the corresponding period of recent years. "Dun's" report indicates that the amount owed by defaulting concerns exceeded the aggregate indebtedness in October, but chief significance attaches to the number of insolvencies, since the sum of money involved is often distorted by several reverses of exceptional size. This fact was clearly demonstrated in last month's returns, which showed that forty-one suspensions for \$100,000 or more supplied over one-half of the total liabilities, thus leaving an average of \$4,463 for the 1,336 remaining smaller failures, as against \$5,582 a year ago. There were, however, 302 more defaults than in November, 1912, with the largest increase occurring in trading occupations. Losses in that division were more numerous by 121 and the indebtedness rose about \$2,000,000, while the 382 manufacturing firms that failed owed

fully \$5,000,000 more than the 227 similar concerns that were forced to suspend last year. Eliminating two big reitly companies in New York City, which cannot properly be included in the strictly commercial insolvencies, the mortality among agents, brokers, etc., was in excess of a year ago, both in number and amount. "Some new business from the railroads is coming out, but nothing resembling a free buying movement is apparent in iron and steel. One prominent transporting company has purchased 25,000 tons of standard section rails, while small orders for other equipment are also noted. There is some broadening of demand for certain finished lines, with considerable competition reported in wire products. More activity has developed in steel sheets for early shipment, and tin plate mills have booked substantial contracts for 1914 delivery. Bradstreet's summary follows: "Unseasonably warm weather bulks large in the trade, and industrial reports this week. Thus, retail trade in reasonable and holiday goods is checked, reorder sales from jobbers are retarded, and even future orders for spring are reported feeling weather effects as an additional cause for conservatism. Warm, growing weather, projected into December, is also dulling the seasonable demand for coal and causing too rank a growth of winter wheat. Some farmers who are not large holders of cattle which are pastured upon the rank plant are being forced to mow their lands to prevent too heavy a growth, jointing, etc. Insect damage is also complained of, and real winter weather would, therefore, be in a high degree acceptable throughout a wide area. In industrial lines, too, the pace is somewhat slower, though the quieting down of activity in iron and steel, lumber and allied lines finds a partial counterbalance in the rather more marked activity in cotton goods and automobile manufacturing and the heavy withdrawals of foreign wools from warehouse, which presage enlarged future activity in woolen manufacturing, hitherto depressed pending the going into effect of the free wool tariff act change. Owing to the preparations made for the latter event, however, price changes in the last named trade are practically nil. "The week is not without its favorable sides. The industrial situation, from the standpoint of labor troubles, is rather better than for some time past. Fall River cotton mill hands, 3,000 in number, have decided not to strike, despite the refusal of higher wages by cotton mill owners; the Schenectady electrical workers have gone back to work, and the threatened Paterson and Lawrence troubles have not progressed to a serious point. It is probable, however, that the number of idle hands is larger than for some years past at this date.

COMPILED STATISTICS FOR INVESTORS

Table with columns: Last week, Previous week, 1912, 1911. Rows include New York call money, New York sixty-day loans, New York commercial paper, Chicago time loans, Boston time loans, London discount rate, Paris discount rate, Berlin discount rate, New York sight sterling, Chicago exchange, Boston exchange, Paris exchange, United States 4s of 1910, British consols, German imperial 2s, Bar silver, London, per ounce, Bar silver, London, per ounce.

BANK CLEARINGS

Table with columns: 1912, 1911. Rows include New York, Boston, Philadelphia, Baltimore, St. Louis, New Orleans, Seven cities, five days, Other cities, five days, Totals all cities, five days, All cities, one day, Totals all cities for week.

FOREIGN BANK RETURNS

Table with columns: Nov. 13, Nov. 27, Dec. 4. Rows include Deposits, Circulation, Gold, Securities, Reserve ratio (per cent), Discount rate (per cent).

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Table with columns: Nov. 13, Nov. 27, Dec. 4. Rows include Gold and silver, Loans and discounts, Circulation, Discount rate (per cent).

Table with columns: July, August, September, October. Rows include Loans on call, Loans, other, Deposits, other, Circulation, Cash reserves.

MOVEMENT OF SPECIE AT THIS PORT

Table with columns: Exports since Jan. 1, Imports since Jan. 1. Rows include Gold, Silver, Total.

GOLD PRODUCTION OF THE WORLD

Table with columns: Australia, Africa, United States, Canada, Russia, Mexico, Other producers, Total. Rows include 1911, 1912, Total values.

COPPER STATISTICS

Table with columns: Stocks on November 1, October production, Total deliveries, Export deliveries, Domestic deliveries.

RAIL CONSUMPTION IN UNITED STATES

Table with columns: The approximate annual consumption of all kinds of rails in the United States, in gross tons, for a period of thirty-three years, from 1880 to 1912, is given in the following statement.

INTERNATIONAL TRADE

Table with columns: September, 1912, 1911, October, 1912, 1911. Rows include Imports of merchandise, Exports of merchandise, Imports of gold, Exports of gold, Imports of silver, Exports of silver.

NEWSPAPERS BEST FOR ADVERTISING

Trust Company Manager Urges Their Use by Banking Concerns.

CIRCULARS COSTLY AND FRUITLESS

Trade and Financial Publications Also Ineffective, Says Anderson.

Horace Anderson, advertising manager of the Title Guarantee and Trust Company, in a recent talk before the Bank Publicity Association, advocated the use of newspapers in New York as the best medium through which to accomplish advertising results desired by banks. He spoke, in part, as follows: "Advertising is a very difficult subject for any one with a conscience to talk about. Those who are interested in promoting advertising have no difficulty in talking about it. Newspapers state that if you advertise in their papers and keep it up long enough you will be sure to prosper. The magazines seem to have the same opinion. "I represent a company that has been a liberal advertiser for twenty-five years, and during the last ten years we have spent \$50,000 each year in advertising. When business is good and we have more than we can do, we keep on advertising, because our advertising friends have taught us that there is danger of some of our clients getting away from us. When business is poor we are usually convinced that the real estate market is dead and there is no business.

"I have written one or two advertisements that have brought a number of members of the board of trustees in to see the president early the next morning. Usually, I was very proud of these advertisements when written, but after my interview with the president felt that perhaps the company had received more good from the advertisement than I have personally. "The advertisement for deposits nearly always draws a certain number of fickle individuals, who shift around from one bank to another. The accounts may be large enough in themselves, but require a great deal of attention. They are generally people who want to spend their personal affairs with the officers of the bank. The result is that they take up more time than their money is worth. They have worn their welcome out in their own bank and are attracted by your advertisement in the hope that they can begin all over again with your people. "Under these circumstances the bank advertiser is likely to be discouraged and to think that it is just as well to cut out all bank advertising. He comes to the conclusion that bank advertising is useless, anyhow, because most people have accounts, and you are doubtful of the desirability of one bank trying to steal away accounts from the other. You have the feeling, perhaps, that in a few weeks the temporary flurry of high money that has made you want to increase the number of your depositors will be over, and that money will again be a drug on the market.

"There are many men engaged in business whose business is growing larger and who find that their neighborhood bank no longer supplies them with all of the accommodation they need. They want a larger and better bank. There are some men also whose affairs in the world are gradually improving, and they find at the end of the month that they have some money left over after paying their bills. These men need a bank. There are some people who are legitimately dissatisfied with the bank that they are using at present. Perhaps they are doubtful as to its solvency. Perhaps they do not get their service or accommodation they need. "The question is how to find these people. You have something that will be useful to them? How can you come in contact with them? If you had a list of them you would send them circulars or you would go to see them and show how your bank could serve them. They are somewhere among the seven million people in greater New York.

"It is out of the question to send circulars to them. One edition of seven million and the accompanying postage would be a heavy drain on almost any institution represented here to-night, and the circulars would not be effective, because probably not more than one person out of ten thousand is at present a live prospect for your business. Most of your circulars would be wasted and forgotten. "You must do some kind of advertising that will keep you in the minds of possible users of your bank, so that they may think of you when the time comes when they want a bank, be that time one month from now, one year from now or ten years from now.

"In my opinion, the standard daily newspapers of New York City are the best mediums to accomplish this result. I mean just that I say—the standard daily newspapers. For the purpose of making a general impression I do not believe in using the religious or the business or trade publications, the theatrical or the funny papers, the fraternal, the financial or the local society papers, nor do I believe in using programmes or billboards. These all have their use in the proper time and place, but not for the purpose of making a general, lasting impression. "My reason for this is as follows: Every man who is likely to have money enough for a bank deposit reads a daily paper. He may not read the same paper every day, and some days he may read no paper. He may not read it with equal attention each day, but some time each day it is his intention to spend some time with one of the standard daily papers.

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THE WEEK IN THE CROP MARKETS

Grains All Make Gains—Cotton and Coffee Show Declines.

OUTLOOK FOR THE RAILROADS GOOD

Fifth Annual Report of the Railway Business Association Is Very Encouraging.

The annual report of the Railway Business Association, now made public, carries a tone of optimism in the outlook for railroads in this country. The report, in part, says: "The public does not and should not relinquish its purpose of scrutinizing the practices of railway corporations and dealing with these where necessary. But it has been manifest that when national prosperity requires a strengthening of railway revenue public opinion will discountenance attempts to postpone action on the pretext that one or another specific theory of conduct must first be established and enforced. Railway managers are endeavoring as energetically as business men or men in public life to improve standards both of efficiency and of propriety. "A number of members of the Interstate Commerce Commission and of state commissions, after long service but still in vigorous health, have recently retired. Not even an enlightened public opinion will insure the success of regulation unless men who have acquired experience and knowledge are retained. Security of tenure minimizes the waste of time and danger of mistakes involved in breaking in new commissioners; it gives the older commissioners an independence and security which promote efficiency and quality of work, and it enables the appointing power to command the services of men who would not accept if they believed the position would be used as a political reward.

"Per mile of line 'operating income' in 1913 was only 4.8 per cent above that in 1910, and in July, August and September of the new fiscal year only 1 per cent above 1910. Fixed charges are still to be deducted. The 'operating income' of the year of six millions a year to the conductor and trainmen will further depress net earnings of the Eastern roads. Those lines in 1911, 1912 and 1913 spent more than \$50,000,000 of new capital for improvements, and yet in 1913, with gross earnings \$136,000,000 larger than in 1910, their operating income was over \$16,000,000 less. There can be little doubt that at the present time the railroads of the country, with an investment in plant greatly exceeding that in 1910, are realizing actually less money for improvements, dividends and surplus than they were when the rate advance was denied them.

Facilities Grow More Slowly

"What were the railroads obliged to leave undone in order to produce even the income they have? In the calendar year 1907 they built 284,188 freight cars; in 1912, only 152,423. The passenger car record was 5,457 in 1907; production in 1912, only 3,962. In 1907 the locomotive built reached 7,300; in 1912, only 4,915. Volume of orders for rolling stock in 1913 has been less than in 1912. As the track in 1907 was 5,212 miles; in 1912, but 2,997. Yard track (local plants; built in 1907 was 3,988 miles; in 1911 (latest figure), 4,392 miles. Terminal facilities, therefore, of which yard track is an important part, have not developed in proportion to the demands which competent authorities have predicted. "No systematic method has yet been put in effect for co-ordinating Congress, the legislature or the wage arbitration board which compels expenditures with the commission which regulates rates. We urge the need of mechanism for holding down the obligatory outlays to fit the railway pocketbook."

Early in the week there was a marked advance in cotton figures, with December showing the greatest gain. On Thursday some of the large early buyers started to realize and the market broke, declining steadily until the late trading of Saturday, when there was a slight recovery. The fluctuations seemed to be purely speculative, as crop estimates were about a stand-off, and the trading was mostly of an evening up nature, in preparation for the government's spinning report, due Monday forenoon, with the crop estimate due on the 12th. "Guesses as to the crop have been various, but it is generally held that unless the government's figures should be surprisingly low any sharp bulge in prices based on them will be only temporary. The trade seems to be prepared for a report on Monday indicating 12,000,000 bales ginned to December 1, and while small crop people hold that these figures will indicate ginning of 83 per cent of the crop, others believe that the heavy indicated ginning for the last half of November indicates a larger amount remaining to be ginned than was the case at the date last year. There will be three more spinning reports after this one before the final crop figures are announced, so any deductions from Monday's figures will be only tentative.

Coffee Tending Downward

With few exceptions, the trend of coffee prices for the week was downward, a sharp recovery marking the close of trading on Saturday, due more to a solid-out condition of the market than any change in underlying conditions. Bears have been encouraged by the big crop movement and the lowering of cost and freight prices, and predictions by bulls that there would be a sharp decrease in receipts failed to stimulate buying. One reason for the weakness of the market is undoubtedly the fact that the spot trade has been materially reduced by previous heavy dealings in cost and freight goods, which will make heavy warehouse deliveries in December, interior buyers having all the stock they need for a time and being utterly indifferent to the course of price of futures. Foreign bears have been vigorous sellers, and while there have been occasional reactions they have amounted to little. There is a strong idea that the flurry of Saturday will be only temporary in its effects.

The Slump in Eggs

The principal feature of the country produce markets has been the slump in the price of eggs, due to a lessening of the demand, an increase in the supply and some sharp competition with the home product by foreign shipments. Late in the week there was a series of declines, which aggregated about \$1.50 a case, and the prospects are that prices will go still lower in the coming week. Other farm products have shown only slight changes, although there is weakness in the potato market. Importations of potatoes in 1912, but 2,997. Yard track (local plants; built in 1907 was 3,988 miles; in 1911 (latest figure), 4,392 miles. Terminal facilities, therefore, of which yard track is an important part, have not developed in proportion to the demands which competent authorities have predicted. "No systematic method has yet been put in effect for co-ordinating Congress, the legislature or the wage arbitration board which compels expenditures with the commission which regulates rates. We urge the need of mechanism for holding down the obligatory outlays to fit the railway pocketbook."