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GROWTH OF JAPAN'S FOREIGN COMMERCE

Exports for Six Months Increased \$84,000,000. Japan's foreign trade for the six months ending June 30, 1916, shows substantial increases in both imports and exports.

The exports of merchandise amounted to \$284,978,526, an increase of \$4,060,888 over the corresponding period of 1915. The imports of merchandise were \$189,649,916, an increase of \$45,711,611.

Exports of gold and silver coin and bullion were valued at \$1,786,924, compared with \$312,869,690 during the corresponding period of 1915.

Imports of gold and silver coin and bullion likewise show a reversal of conditions in the two periods. Their value in 1916 was \$1,944,892; in 1915, \$1,685,924.

Exports to the United States for the first half of 1916 amounted to \$71,883,580; for the first half of 1915, \$31,064,002, an increase of \$40,819,578; imports from the United States for the first half of 1916, \$45,670,717; for the first half of 1915, \$27,428,280; increase, \$18,242,437.

Of exports which show the greatest increase, the articles mentioned in order of importance are: Raw silk, cotton underclothing, cotton tissues, cotton yarns, copper, silk waste, soybeans, porcelain, buttons, lumber, coal, tugs, matches, hats and caps, silk handkerchiefs, camphor, tinned snabs and tin-glaze.

Finance - Economics

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Significant Relations

Table with columns for 'Money and Prices', 'Production', and 'Distribution'. Includes data for stock of money gold, loans of all national banks, and various commodity prices.

Monday, August 28, 1916.

It is doubtful whether the stock market in its uncertainties was sensibly affected either by the crisis in the railroad strike situation at Washington or the decision of Rumania to participate in the war on the side of the Allies. It is true that speculators sold stocks for both reasons, but it is also true that before the end of the day they were found buying them back, in spite of those reasons.

Formerly German victories caused prices to fall in all the markets of the world, save Germany's, but including our own, for the very obvious reason that they deferred the end of the war. Now here is an incident which might be construed as putting weight on the other side, wherefore prices ought to rise. The fact that they did not do so, either here or abroad, would suggest that peace is no longer viewed from one angle.

Railroad stocks were no weaker than others. Throughout the strike parley they have not declined, and whereas this was owing for a while to the inability of Wall Street to imagine a strike, it has been owing more recently to the feeling that perhaps a strike would be the lesser adversity.

Although from a speculator's point of view the stock market has been extremely perverse in its failure to respond to the ecstasy of great earnings, it has been in every other respect an amazement to those whose business it is to merchandise securities. A broker recently said: "The market reminds me of a dry desert. Stocks are poured upon it in enormous quantities. For a little while the sand is wet, and then it seems as dry as it was before. It absorbs stocks at an incredible rate." For instance, it is estimated that in six months 300,000 shares of Pennsylvania Railroad have passed through the market and disappeared, and all this selling has taken place within a range of only a few points.

Every specialist on the floor of the Stock Exchange has seen the something. Great quantities of investment stocks have gone through their hands and vanished. This is the foreign liquidation. The speculator complains that prices do not rise. The marvel is that under so much selling they have not fallen.

The wheat market reflected the European news in a theatrical manner. Prices declined 9 to 11 cents. The trading was very wild. There is a great store of wheat in Russia, estimated at 300,000,000 bushels. If this were to find an outlet, the effect upon the world's price of wheat would be irresistible. Fear of a shortage in breadstuffs, which has been over-stimulated, would be dispelled at once. This was the thought that broke the wheat market. It is somewhat premature. All along it has been said that if Rumania came into the war on this side and gave Russia a thoroughfare, the Russians would sweep across the Balkan peninsula, take Constantinople and open the Dardanelles. But it has yet to be accomplished. It is possible that the decline in wheat, on this pretext, was accelerated, so far as manipulation is possible, in order to establish a lower basis on which foreign governments might buy the American surplus.

Self-Destructing Power.

As to what Mr. Samuel Gompers softly calls "the inconvenience a demonstration would necessarily involve"—meaning by "demonstration" a strike of the four train service brotherhoods with intent to tie up the country's transportation machine—the public has already expressed itself in a very positive manner. The mere threat has antagonized popular feeling deeply. The brotherhoods have only to read the papers to be aware of this fact. It is for them a momentous fact. Sentiment in this country normally inclines to the side of labor in its efforts to increase the industrial division in its own behalf, even when the effort entails much public inconvenience. Why has it taken the other side in this contest before-hand? The explanation is fairly obvious. The brotherhoods have threatened to use more power than is safe for any organization to have. It is not merely the power to enforce a demand for higher pay by going on strike, it is the power of let and hindrance over all the means of transportation. Of power in that degree society at large is instinctively intolerant.

There is here a perfect illustration of the manner in which power, beyond a certain point, begins to limit itself. When it becomes absolute it cannot be exercised at all unless, Samson-like, it is minded to pull down the pillars of the temple and perish in the ruins. The railroads had once gained the power of life and death over communities and industry, and when they had gained it, of what use was it? Society took it away from them. The railroads no longer make their rates. The Interstate Commerce Commission does that. When the Standard Oil Company had the absolute power to make the price of oil it dared not make it high, for political reasons. The mere possession of the power made a target of the institution, and at last it was broken up. The separate units could raise the price of oil. They did. Germany, man for man, was the most powerful nation in the world, and this was her undoing. The world combined against her. The train service brotherhoods

have, or think they have, the power to say that the transportation machine, which is essential to all modern existence, shall stop running unless their wages are raised. It is too much power. It cannot be exercised. If they dare to use it they will lose it. It is doubtful if they have it, really. But once they had demonstrated the possession of it society would deprive them of it, going so far, if necessary, as to put the railroads in the hands of the government. The brotherhoods, therefore, have much to lose.

Money and Credit.

Money on call at the New York Stock Exchange ruled yesterday at 2 1/2 per cent, which had been the prevailing rate during the preceding week. The highest was 2 1/2 per cent. Time money—that is to say, loans on brokers' collateral—was inactive and dull, owing to the state of speculation. On mixed collateral rates were 2 1/2 to 3 per cent for sixty days, 3 to 3 1/2 per cent for ninety days and 3 1/2 to 3 3/4 per cent for longer periods. There was the usual adoption of 1/4 per cent where the collateral was all industrial.

Commercial Paper. There was a somewhat reduced demand in Wall Street for commercial paper. The offerings were not larger than usual. Rates were 3 1/2 to 3 3/4 per cent for ninety day maturities of the highest character.

Official rates of discount at each of the twelve Federal Reserve banks are as follows:

Table showing official rates of discount at various Federal Reserve banks, including Boston, New York, Philadelphia, etc.

John Fletcher, vice-president of the Fort Dearborn National Bank, says: "Numerous cattle loan companies of small capital have sprung up in all parts of the country to lend money to the cattle grower at 8 to 10 per cent in their respective localities and then sell the notes in New York on a 4 per cent basis, taking the difference of 4 to 6 per cent as their profit. The readiness with which city banks are buying such notes has caused deterioration in the quality of the loans. The ideal cattle loan is that secured by cattle that are soon to move to market, so that the farmer will promptly realize on his herd and pay up his loan. Much cattle paper coming on the market now, however, is based on cows and heifers, and any great volume of this class of paper becomes dangerous because of the fact that the security behind it is not marketable at the maturity of the loan. In a time of financial stress such paper would be likely to cause trouble and bring a reaction of sentiment against cattle loans as a class, with resulting damage to the livestock industry."

Bank Exchanges. The day's clearings at New York and other cities: Exchanges. Balances. New York... \$264,311,252 \$19,748,120

Sub-Treasury. New York banks lost to the Sub-Treasury \$805,000. Silver. Bars in London, 311-15 cents. Bars in New York, 66 1/2 cents. Mexican dollars, 51 1/4 @ 55 1/2 cents.

The Dollar in Foreign Exchange

The feature of the foreign exchange market was the rise in the value of the Russian ruble to 3 1/4 cents, against 2 1/2 cents a week ago. There has been developing a large speculative interest in rubles, which are selling at a greater discount than any other foreign money. Recently there has been an active selling campaign in Russian internal bonds, which have been imported in considerable quantities. Also, another Russian loan in this market is under consideration. Possibly the news that Rumania had entered the war as an ally of Russia influenced some buying of rubles for a rise. German marks were weak. Closing rates of exchange in the principal financial centres of Europe were as follows:

Table showing exchange rates for various currencies: Sterling, Swiss, French, etc.

Below is given the current exchange value of foreign money in dollars and cents, together with the intrinsic gold parity as calculated by the United States Mint:

Table showing current exchange values and intrinsic gold parity for various currencies.

The above rates express the cost of foreign money in terms of the American dollar. You buy an English pound sterling for \$4.75; the intrinsic par-

ity is \$1.86 1/2 per pound. Thus, you say either that pounds are at a discount or that dollars are at a premium, which is owing to the fact that in England the demand for dollars with which to settle accounts in this country is greater than the demand in this country for pounds with which to settle accounts in England. If you calculate the cost of the dollar in terms of foreign money—that is, as if you were buying dollars with pounds, marks or francs—its value yesterday and a year ago would be about as follows:

Table showing the cost of one dollar in various foreign currencies (English, French, Dutch, German, Swiss, Swedish, Russian).

WAR ECONOMICS IN DEUTSCHLAND

Government Lays Hands Upon Hides—Rabbit Industry Growing.

Berlin, August 4. There is no doubt that large fortunes have been made out of the war, in all the belligerent countries as well as by many neutrals. In the former, however, there also have been large losses, especially when sudden changes of governmental policy interfered with the "free play of economic forces," as German writers have called the unfettered development in trade and commerce. An instance of how governmental interference may upset a branch of trade and cause much distress is now becoming known.

In the last few weeks the German government ordered the confiscation of all the raw hides in Germany, releasing them to the manufacturers in proportion to their requirements as shown in normal times. The aim was, of course, to protect the small manufacturer and at the same time the public, because maximum prices were prescribed, with the usual stringent penalty provisions. Business in these hides had been booming and dealers who could resist the tempting prices had made millions because prices were higher from day to day. But the order respecting confiscation and maximum prices upset all the business, because the new prices were much below those ruling before the order, in some goods, like horse hides, not less than 60 per cent under the old quotations. Naturally the leather market which has been to some extent under the control of the government for some time, showed much instability, partly for the reason that no one knows whether and when new prices will be promulgated.

Rabbit Hides.

There are two features on the leather market which are especially remarkable. One is the ever increasing number of rabbit skins offered. Since more than eighteen months German children and this industry has attained proportions never dreamt of before for the war. Other skins and hides becoming scarcer, the lovely rabbit is coming into universal favor, especially with the government, which endeavors to stimulate this "infant industry." The second feature in the leather business is the increasing exports of fine leather goods. Where the "ultimate consumer" is nobody seems to know or to care, but it is a fact that neutrals are buying far more of them than they did before the war.

War Time Law.

The Supreme Court of Justice at Leipzig, the highest court in Germany, has rendered an interesting decision in the "force majeure" question. Most of the contracts for future delivery in Germany have contained a clause freeing the seller from his obligation to deliver in case "force majeure" intervenes. In the case of a dealer in antimony who refused to fulfill a contract, although he had sufficient stocks of the metal, the Supreme Court has found (1) that war must be classed under the head of "force majeure" and (2) that in case the contract contains a clause relieving the seller of making deliveries in case of "force majeure" he is not bound to fulfill the contract, even if he has the necessary stock or can easily procure them. The judgment was delivered in the case marked II, 40-16, April 14, 1916.

Germanizing the Silkworm.

Much discussion is going on with regard to the growing of raw silk in Germany, thus making the silk industry independent of outside supplies. However, attention is called to the fact that at various times attempts have been made to introduce silkworm culture, but none has been successful. The physical obstacles appear less serious than the technical. It has been shown that the silkworm and the mulberry tree both thrive in Germany, and it is now proposed to feed the worms on the leaves of the "Schwarz-wurzel" (comfrey, Symphytum officinale), which grows readily in the country. It said four or five crops of cocoons could be secured during one year instead of one, as with mulberry leaves. A company, the Deutsche Seidenbau Gesellschaft, has been organized, experiments are continually being made and good results reported; the worms seem to thrive on the leaves and the silk to be of excellent quality.

FRENCH PRICES UP 61 PER CENT

Vegetables Show Largest Rise, Due to War Conditions.

EFFORTS TO STOP HOARDING FAIL

Secretion of Gold as Great Now as Before the Conflict.

By YVES GUYOT. Ex-Minister of Public Works, Editor "L'Agence Economique et Financiere." (By Cable to The Tribune.)

Paris, Aug. 28.—Since the beginning of the war the average increase in prices has been 61 per cent. Vegetables have gone up 80 per cent; meat, 56; sugar, coffee and tea, 60; minerals, 57; textiles, 52, and other materials, 62.

The Bureau Veritas publishes statistics showing that the French merchant marine has lost a little more than 10 per cent in tonnage by the war. This would not be a great amount if France was building new ships, but she is not. All attempts to induce a greater use of the banks and to increase payments by check, instead of with actual money, have so far met little success, and hoarding is just as great as it was before the war.

The people say they will not take the chance of a new moratorium for a possible gain of 1/2 or even 1 per cent. If one pauses to think, hoarding at the present time is not a great calamity. The people keep their gold in the stocking, but it must come out again some day, and then it will be very useful for the return to a normal state of affairs.

London exchange has been easier the last few days, having fallen from 28.125 to 28.11. Prices have gone up a good deal on the Bourse; in some cases 25 to 30 per cent. Speculators are already capitalizing probable dividends after the war.

EXPORTS TO RUSSIA \$2,000,000 A DAY

Shipments of Non-War Materials Larger than Expected.

The compilation of the foreign trade department of the National City Bank on the exports from the Port of New York for the week ended August 26 lays special emphasis on the shipments of American goods, this sum being exceeded only by England, with \$17,216,612, and France, with \$14,643,896. The aggregate of the exports to all countries for the week just ended compares with \$37,924,558 for the same week last year and \$10,214,392 for the similar period of 1914.

Accompanying the statement that an average of over \$2,000,000 a day of exports of manufactures went to Russia last week the City Bank's foreign trade expert points out that war munitions did not form as large a share of the week's trade as might be expected. He adds:

"Harness and saddles, for example, amount to \$560,000; automobiles and parts thereof, \$470,000; railway track material, \$225,000; railway cars, \$199,000; wire, \$220,000; metal working machinery, \$120,000; mining machinery, \$50,000; miscellaneous iron and steel manufactures, \$25,000; glazed kid leather, \$65,000; manufactures of brass, \$20,000, and cotton goods, \$10,000, all of the above being in very round terms. This, with certain other articles not enumerated, makes the total of miscellaneous manufactures other than war munitions considerably more than \$2,000,000 for the week."

"Of strictly war material the loaded projectiles amount to over \$6,000,000; powder, about \$1,500,000; fuses, over \$1,000,000; gunnison, slightly more than \$500,000; cartridges, about \$300,000, and 'other explosives,' over \$14,000,000, making a grand total of \$19,000,000 to Russia, as reported during the week, or an average of more than \$2,000,000 a day."

Another interesting feature of the City Bank's compilation was the figures showing the increase in our trade with South American countries. Exports last week totaled \$3,834,730, an increase of \$1,657,454, more than 75 per cent over last year, and more than triple the corresponding week of 1914.

The share of the foreign commerce of the United States which passed through the Port of New York, according to the bank's figures, was, in the fiscal year 1880, 57 per cent; in 1890, 49 per cent; in 1900, 48 per cent; in 1910, 48 per cent; in 1914, 45 per cent; in 1915, 49 per cent, and in 1916, 54 per cent.

The Deutschland's Cargo.

The manifest of the Deutschland, as filed at the Baltimore Custom House, shows that on her return voyage to Bremen she carried a cargo made up as follows: Rubber, 892,037 pounds; nickel, 732,674 pounds, and tin, 181,949 pounds. New York dye importers declared yesterday that the profits originally estimated on the cargo of dyes brought to Baltimore will probably not be realized.

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RICH RUSSIA A CHRONIC DEBTOR

A Study of Her Present War Inflated Financial Condition.

By SRINIVAS R. WAGEL.

It is well known that an active propaganda is being carried on in this country to induce people in this country to loan money to Russia. Various statements have been made about Russia's financial position and trade, special emphasis being laid upon the great possibilities of the future. Russia has always been a land of great possibilities and the country was always on the eve of industrial regeneration during the past four decades. Little actual result has, however, been achieved.

Russia has always been a debtor country, in modern history. Before the war, more than one-half of its state and railway securities were placed abroad, chiefly in France, Holland, Germany and Belgium. The service of the state loans alone necessitated annual remittances to the extent of 402,000,000 rubles. Private enterprises were also greatly financed with foreign, chiefly French, money. The Russian securities held in France at the outbreak of the war were estimated at a value of over 20,000,000,000 francs.

Not only were the Russian state, Russian railways and Russian industry largely financed by foreign capital, but Russian commerce was also possible because of foreign credit. The Russian banks usually rediscounted their commercial acceptances without exchange risk to the lenders (the so-called pensions) or drew long bills on foreign banks with Russian acceptances for collateral; the bulk of such transactions was done in France, and the balance in Germany, Belgium, Holland and England. When the war broke out, the French banks were in a serious position, as a result of granting such credits; the Bank of France placed a credit of 500,000,000 francs at the disposal of the Russian State Bank, in order that the debts of the Russian banks to the French banks might be partly discharged. As a matter of fact, a director of the Russian State Bank stated recently that the amount was only sufficient to meet a fraction of the obligations.

Since the war began Russia has been borrowing again. In England the Imperial Russian Treasury has raised, up to June, 1,448,000,000 rubles; in France, 235,000,000, besides the 500,000,000 francs advanced to the Russian State Bank. Within the country itself Russia has raised 5,000,000,000 rubles; the larger part of it was subscribed by the banks, and the public response has been poor. The total of these loans, both foreign and internal, has been insufficient to meet war expenditure; so the Russian government has increased its note circulation from 1,640,000,000 before the war to 6,800,000,000 at date, while the gold stock in the country is only 1,550,000,000 rubles—the gold balance abroad meaning nothing at all. Further expansion of notes is contemplated; the only limitation being that the notes must be covered by short term exchequer bonds. The "London Economist" has already pointed out that "this printing of paper rubles is easy, but dangerous policy."

As a matter of fact, stamps for small values are now circulating in Russia as money.

War Industry. We are informed that the Russian industry at present is flourishing owing to the fact that a new spirit is pervading the country. In the congress of the bank directors, which was held in Petrograd in June, the manager of the Banque Internationale de Commerce de Petrograd pointed out the role which banks fulfilled in the industry which was working for national defence. He is reported to have stated that of the 4,000,000,000 rubles which, roughly speaking, form the assets of the Russian commercial banks, 3,000,000,000 were being invested in state loans and in the industry which was working chiefly for the military needs of the government. As far as the Banque Internationale was concerned, three-fourths of its balance sheet represented credits granted to enterprises which were working for the war. In other words, Russian banks will have to carry the manufacturers to the extent of 3,000,000,000 rubles until the Russian government is able to pay it.

Russian circulation has been inflated to such extent as to increase prices threefold. The Russian government has been paying its home debts by printing paper. No other country has

been obliged to purchase so much abroad, as compared with its liquid resources in other countries. As a matter of fact, England has been doing the purchasing for Russia. It is well known that Russian balances of gold at all, but credits established for her by England and France. It is very hard to understand the bookkeeping methods of Russia. In the past her foreign gold credits were annually replenished by borrowings in France, England and Germany; and she was able to pay in gold the tremendous obligations on her coupons and amortization by this means. Since the war started Russia has declared a moratorium, and has paid not a cent on her old obligations, even to her allies. Of course she does not pay interest on loans made to her by Germany; the total is now accruing, and loans and discount to the total of several hundred million rubles have already matured and will have to be paid immediately after the war. Even Japan, who is an ally of Russia, wanted a guarantee from England before supplying Russia with ammunition.

It is all very well to say that Russia is a rich country and has great possibilities. It is, no doubt, rich, in so far as a far seeing agrarian policy and a clean government can bring about the vast development in its agricultural resources.

The Debt. Like a famous French financier of old, who said: "Je vis de mon passif," Russia is dangling before us her great future. Her obligations at present are made up of:

Table showing national debts prior to the war, advances from England, advances from France, internal bond issues, and increase in paper money.

Total \$2,385,000,000. This total excludes the credit of \$50,000,000 arranged in this country. How she is going to meet this vast total of obligations and pay interest and amortization is, indeed, a serious problem for her statesmen.

FULL ALLOTMENTS OF BRITISH LOAN

In Few Instances Were They Sold. Say Syndicate Managers. J. P. Morgan & Co., as managers of the syndicate which underwrote the \$250,000,000 two-year 5 per cent British collateral loan, sent out the allotment notices to the subscribers last night. The bankers announced that the majority of the allotments were for the full subscriptions. The loan was taken mainly by the banks of the country that have large unemployed balances. The transactions in the notes representing the obligation, as reported at the curb market yesterday, showed that \$100,000,000 changed hands, from 99 1/2 to 99. The last sale reported Saturday was at 99 1/2. In a Census Bureau report on the financial statistics of states, it appears that in 1915 the total outlays for permanent improvements aggregated \$85,192,799. Of this amount \$30,245,393, or nearly one-third, was spent for the construction of new roads and the permanent improvement—such as canalizing or paving—of existing ones.