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Cost, \$3,612  
Value of year's coupons, \$200

An income of more than 5 1/2%  
Paid in six different months  
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Collateral Trust 6%, 1922

Milwaukee & Northern Consolidated  
Extension 4 1/2%, 1934

Wisconsin Central First Gen. 4s, 1934

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**The National City Company**

Main Office: National City Bank Building  
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## Finance - Economics

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Jesse Livermore will go down in Wall Street history as a symbol of intellectual bankruptcy. The bankruptcy is not Mr. Livermore's, but that of the financial writers. The reference is not to Jesse Livermore the man, but to Jesse Livermore the explanation. Whenever Steel common goes down without an obvious reason, why it should go down or when it goes up without such obvious reason or when its movements are violent and transactions in it enormous, even though other reason is apparent, you will find some one invariably to ascribe it to Jesse Livermore. Friday he is reputed to have covered thousands of shares of Steel common. No method of trading is thought by the financial writers too absurd for him to adopt, no whim too extravagant for him to be moved by. Wall Street comment will have him throw 50,000 shares on the market all in one day, because he is going to spend a week-end in the country. He covers a similar amount within an hour. He can become an entire short interest in himself. He is blamed for all the inscrutable things of this day's market, like Mark Twain, who must stand sponsor for every joke of his generation.

If the market were now going down Wall Street would be discussing the depressing situation in the traction stocks, the receivership of the B. R. T., next of New York Railways, now of the Interborough Consolidated and the possible receivership for the Interborough Rapid Transit. Wall Street would be discussing also the disturbing state of foreign exchange. It would touch on Italy's threatened bolt of the peace conference. It would make much of the terrible copper outlook. It would be upset by speculations on how the railroads were going to get their funds. It would even talk in a bad way about the effect of the cut in steel prices, in reducing the profits of steel companies. But marvellous is the effect of rising prices on the mind. Wall Street either does not discuss these things or it talks about them in a bullish way. Two months ago the atmosphere on the floor of the Stock Exchange was so blue you could have cut it with a knife. Yet there has been no particular change since that time in the industrial situation; if anything, the news is worse. If retail business is amazingly active now it was amazingly active then. If there was no business borrowing then, there is none now. But stock prices then had been falling.

The breaking of Steel common through par is a gorgeous advertisement. It will doubtless attract more of the public to the market. But there are some things it would be well not to forget. The market has been rising since February 10. That is six weeks ago. Such movements, without reaction, usually last only four to six weeks. During the present rise Steel common, counting its dividends, has gained 14 points. Another 10-point gain immediately on top of that would be highly unusual. The technical position has been weakened by the enormous short covering of the last few days. Fundamental conditions behind the market are still vastly alluring. But there is such a thing as a transiently unstable condition within a market.

The investment market still continues to mark time. Liberty bonds declined fractionally during the week. The present dilemma is this: That Secretary Glass will not make up his mind what interest rate the new loan will bear until immediately before the loan is floated. He wants to determine the rate by conditions in the investment market. But those conditions are themselves being determined by uncertainty as to what the interest rate on the loan will be. Meanwhile the new loan is still a month away.

The money market of the past week was exceptionally interesting. In the first few days, Monday and Tuesday, rates were extremely easy, the renewal rate on Tuesday of 4 per cent being the lowest since January 28. This reflected the payment by the government on such of the \$794,000,000 maturing certificates of indebtedness as had not been used to pay taxes. Later in the week the tax payment checks began to come from the government to the banks. To meet this the banks had to call in day-to-day loans, and the renewal rate went on Thursday to 6 per cent for the first time in two weeks. The tax payments already total \$1,001,244,000 and are not yet quite complete. That leaves more than \$200,000,000 surplus over the recently maturing certificates of indebtedness that should eventually find its way back to the member banks. The government has also announced its will

ingness to redeem upon the holder's option the \$613,000,000 certificate issue maturing ordinarily on May 6. This will further relieve the banks in preparation for the coming Victory Loan.

Now, a government loan is commonly thought of as an operation that ties up an enormous amount of banking funds. In reality it is an operation which releases an enormous amount of banking funds. For before the campaign begins the banks have already taken the loan in the treasury certificates they subscribe for. A loan campaign is essentially a process of unloading the bonds from the banks to the people. The government gets the money and with it pays off the maturing certificates of indebtedness. If the bank purchases the bonds for a customer it merely delays the process of relief; the bank pays for the bonds with certificates of indebtedness already held and the customer begins paying money into the bank at regular intervals. On the present operation the banks have already taken more than \$4,000,000,000 of these. They have been taken over a period of several months, but are hardly reflected in total bank loans. From \$5,500,000,000 on November 2 loans and investment of New York Clearing House banks and other state banks and trust companies in greater New York fell to \$5,417,000,000 on January 4, and had risen to only \$5,583,000,000 on March 1, an increase of only \$83,000,000, though these banks have probably taken from \$1,000,000,000 to \$1,500,000,000, and perhaps more, certificates of indebtedness in that time.

The explanation is simply this: That the government has been using the credits established with the banks by sales of these certificates to pay off private contractors and individuals, and as these contractors have been paid off they have reduced their own bank loans. There has been no commercial borrowing to replace this. The banks will be called upon to take more certificates before the loan campaign actually is launched, so at some time around then loans will probably be at their height. But the effect of the campaign will be to take the load of government financing off the banks, and if commercial borrowing has not by that time greatly revived a period of easy money will be in prospect.

The statement of the Federal Reserve Board in its March circular, presenting the opinion that the issue of the Victory Loan in the form of short-term notes will "tend toward the placing of a greater volume of the new issues definitely in the hands of the banks and of investment institutions throughout the country, and less in the hands of private individuals," will not prove helpful. If these notes run for the full five years they will not be suited for bank investment. Even loans running for more than a year are not properly suited. When banks take a government loan they do not pay in cash, but create book credits, deposits against which the government may draw. This leads to an increase in deposit currency, with no corresponding increase in the volume of business. It means inflation. Rediscovers of commercial paper become greater than they otherwise would be. Indeed, the Federal Reserve Board itself contends that the note plan "would operate to increase the inflationary tendency already noticeable in the present banking situation, and would add

relatively speaking, to the burdens carried by the banks."

But there is no need for this. Though the board remarks that "financial custom has usually dictated the absorption of short term issues by investment institutions," it must not be forgotten that all our previous Liberty Loan campaigns were nothing if not the shattering of "financial custom." As one prominent banker commented recently: "The public may take a smaller part of this than of previous loans and the banks a larger part, but it will not be because these notes are any the less fit for investment by individuals, nor because they are better fit for investment by banks, but simply because, under a misconception, there is widespread talk that this is the case; and the belief may bring its own realization."

As a fact, an inducement for private individuals to subscribe for the forthcoming notes exists that has not existed in any previous Liberty Loan but one, and that is the tax exemption feature. This is a far more powerful factor in the coming issue than it was with the 3 1/2 per cent, for income tax rates are higher now than then. More important than that, the tax exemption means more, for the high taxes will probably run for the same period as the notes, whereas the 3 1/2 per cent run from fifteen to thirty years, and one accepted a low yield to protect one from taxes when taxes will cease to mean much. This may lead to a gradual decline of those bonds with declining tax rates. But the short term notes mature at par in five years or less, and would leave the holder free at that time to invest in other securities bearing a higher yield, even though taxable.

To guarantee a minimum price for wheat is, in effect, to guarantee a minimum price for corn and other grains. The wheat guarantee price has induced farmers everywhere to devote acreage to wheat formerly devoted to corn, wherever that is possible, for they are sure of the market for their wheat and they are sure of the price. This leads to a smaller acreage for corn and a correspondingly higher selling figure. The relative prices of the two grains tend to remain unchanged.

The prosperity of the farmers, then, is enhanced all around. But it is not fair to compare the present wheat crop with the crops of past years, because the 1919 yield will this time be great partly at the expense of other crops. Nor is it fair to take the guaranteed price of \$2.26 as a direct measure of prosperity. The figure which will indicate the addition to our wealth will be the price under the free play of the forces of supply and demand in the world market. If that is greater than \$2.26 a bushel nothing more wonderful could be desired; if it is less the taxpayer will have to make up the difference. The difference will go from his pocket to that of the farmer. And this distribution will in itself have an important effect on the demand for different classes of commodities, and therefore on the businesses which produce these commodities. Greater wealth for the farmer, enlarging his purchasing power, will enlarge his demand for automobiles, for tractors, for farm implements, for buildings, for good roads. If any part of that greater demand from the farmers comes at the expense of the taxpayers it will mean in general that much less money will be devoted to facilities for production; for the vast part of taxes are taken not from money that would otherwise be spent, but from money that would otherwise be invested.

## Credits Here Are Necessary for Quick Belgian Recovery

**Banker Declares Devastated Country Cannot Wait on Indemnities From Germany for Reconstruction**

Belgium will be seriously handicapped in her efforts at industrial rehabilitation and will be forced to endure further hardships unless measures are taken quickly to establish commercial and industrial credits in this country to supply Belgian manufacturers with the wherewithal to restore their devastated plants, buy new machinery and purchase raw materials. This is the opinion expressed by Albert Breton, vice-president in charge of the foreign department of the Guaranty Trust Company, in an analysis of the fiscal status of Belgium.

Mr. Breton declares that the Belgians cannot wait until the Germans are made to indemnify them in full for the wanton destruction and damage inflicted upon them during the war, which competent authorities have conservatively estimated at not less than \$5,000,000,000. This sum represents the monetary value of the damage done to state and private property, to agriculture, to industry, to commerce, and by enforced expropriations.

"Belgium is full of resources and vitality," says Mr. Breton, "and ought to be able to rehabilitate itself rapidly if it can be supplied with the means to do so. If the needed credits are obtained the working population of the country will be able to return to their occupations and to resume their former activities."

**Blow Well Sustained**

"But, despite the terrific strain which the war imposed on Belgium's finances, they have sustained the shock with somewhat the same hardihood as the people of the country."

"On October 31, 1913, the paper currency of Belgium aggregated 1,067,000,000 francs, or \$206,000,000, including the American dollar at \$18 francs. Five months after the declaration of war against Germany—that is, on December 1, 1914, the paper currency totaled 1,214,000,000 francs, or \$232,000,000. On November 11, when the armistice was signed, Belgian paper currency amounted to 2,600,000,000 francs, or \$500,000,000. On February 4 last this currency aggregated 4,000,000,000 francs, or \$772,000,000."

"These notes are secured, first, by gold currency and bullion to the value of 300,000,000 francs, or \$57,000,000, and, second, by German banknotes (Reichbank) aggregating 5,000,000,000 marks, or \$1,217,000,000."

"While the ratio between the gold reserve and the total amount of notes in circulation is only 7.5 per cent, in conjunction with the gold reserve, the notes of the Reichbank are taken into account, the ratio is much above 100 per cent."

"The amount of marks (5,000,000,000) originated as follows: 'The subscription to three-year 5 per cent Treasury notes, in francs, issued since the armistice, 75 per cent of which the buyer had the option to pay in marks, and the exchange of mark currency against Belgian banknotes have brought into the coffers of the Banque Nationale de Belgique 3,400,000,000 marks, or \$820,000,000. In addition, Germany has already been obliged to reimburse Belgium for the sums of money which it confiscated from Belgian banks and private firms. This reimbursement has amounted to 1,600,000,000 marks, or \$386,000,000."

"The National Bank has credited all marks so received on the basis of 125 francs per 1 mark. Therefore, the National Bank has now a credit against Germany amounting to 5,000,000,000 marks, or \$1,136,000,000, and the National Bank by the Belgian government which has, in turn, the pledge of the German government to redeem the marks on the same basis of 125 francs for 1 mark."

**War Expenses Large**

"The Belgian national debt before the war, that is, on December 31, 1913, amounted to 3,743,027,438 francs, or \$728,000,000, to which should be added Treasury bonds aggregating \$842,772,400 francs, or \$182,000,000; so that the total debt was then 4,585,804,838 francs, or \$910,000,000. Expenses during the war amounted to 5,000,000,000 francs, or \$910,000,000, which sum was advanced to the Belgian government by England, to the extent of 2,000,000,000 francs, or \$386,000,000; by France, 2,000,000,000 francs, or \$386,000,000, and by the United States, 1,000,000,000 francs, or \$193,000,000."

"The Belgian government ought to receive full reparation for the destruc-

tion and damage inflicted to its railways, railway materials, harbors, roads, canals, forests and public buildings. The Belgian railways, the greater part of which belong to the state, and formerly provided an income in excess of the interest charges of the public debt, and represented an outlay of nearly 3,000,000,000 francs, extended over 4,719 kilometers at the end of 1912. There were besides secondary railways of local interest generally called "chemins de fer vicinaux," rural railways, which covered a distance of 4,745 kilometers. No country in the world possesses such a network in proportion to the size of the country. In Belgium there are 16 kilometers of railways a square kilometer of territory, while in France there are only 0.7 kilometers, and in Great Britain .12 kilometers.

"With regard to population, at the end of 1910 Belgium had 7,423,784 inhabitants spread over a territory of only 24,541 square kilometers—which means that in 1910 there were 304 Belgians for every square kilometer of land. This is significant when compared with the ratio of population to area of the great powers. For instance, France has seventy-four inhabitants to each square kilometer, and the United Kingdom and Ireland have 144.

**Intensive Development**  
"In order to live on such a restricted territory the Belgians must devote themselves with great intensity to commerce and industry. In fact, before the war, Belgium occupied fifth place among the great powers in the commerce of the world. She surpassed countries greater and more populated, such as Russia and Italy."

"Living in Belgium before the war was 50 per cent cheaper than in the neighboring countries, France, Germany and England. And Belgian workers received lower wages than those in the countries bordering, which made it possible to procure very skilled, high-class workmen in Belgium at a very low figure. Cost prices, therefore, were low, and Belgium could compete advantageously in the markets of the world."

"The income tax and the personal property tax do not exist in Belgium. Before the war there was a tax on land, which was calculated upon the selling value of the property, but this renting value was instituted more than fifty years ago and was much lower, of course, than the present renting value. The tax on income, consequently, is very light, which is conducive to cheap living and a low rate of military expenses. The direct taxation in Belgium amounts to only 50.00 per cent of the value of the property, in England and in France the rate is more than double that."

"The past should be a guarantee for the future. Belgium has shown herself to be a vigorous, industrious and energetic in the past; these same qualities will undoubtedly help her to build a new economic structure, which may be greater and better than the old."

## Coal Output Smaller

**Production for Week Shows a Slump of 3,000,000 Tons**

WASHINGTON, March 23.—The production of bituminous coal for the week ended March 23, 1919, was 2,000,000 tons, or 3,000,000 tons less than the production for the same week last year, because of lack of demand, the Geological Survey reported today to the Fuel Administration. The output was 8,000,000 tons less than the output for the same week in 1918.

The survey estimates that the close of the coal year on March 31 will show that the production will not exceed that of the previous year by more than 8,000,000 tons, although it stood at an excess of more than 40,000,000 tons on November 1.

It is estimated that the actual production for the coal year will be approximately 25,000,000 tons, as compared with 28,800,000 tons during the calendar year 1918.

Production of anthracite during the week ended March 23, 1919, was 200,000 tons, or approximately 20 per cent in excess of the output of the previous week. The same week of a year ago the production was 2,000,000 tons. Total production for the coal year to March 15 is estimated at 89,317,000 tons, as compared with 95,370,000 tons during the same period of a year ago.

During the four months from November 1, 1918, to March 1, 1919, the production of anthracite and bituminous coal combined has been from 23,000,000 to 25,000,000 tons during the same months, one, two and three years previous.

## Market Barometers

**Stock Exchange Transactions**

Stocks. Bonds. Stocks. Bonds.

Last week. 320,500. 44,400. 320,500. 44,400.

Week before. 320,500. 44,400. 320,500. 44,400.

Year ago. 405,500. 1,263,200. 1,666,700.

January 1 to date:

1919. 4,559,200. 37,285,400. 41,844,600.

1918. 3,796,300. 26,986,400. 30,782,700.

1917. 4,873,400. 40,637,600. 51,511,000.

Bonds. Week. Year.

Last week. 445,818. 402,199. 102,354,000.

U. S. Gov't. 445,818. 402,199. 102,354,000.

Railroads. 3,726,000. 4,338,000. 2,009,000.

Others. 12,523,000. 10,293,000. 6,056,000.

All bonds. 62,067,000. 56,830,000. 20,419,000.

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**Chartered 1822**

**The Farmers' Loan and Trust Company**

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At Forty-first Street

New York

London

Foreign Exchange

Administrator

Member Federal Reserve Bank and New York Clearing House

Guardian

Coal Commission

Planned to Handle

Trade's Problems

Government, Operators and

Labor Would Be Represented in Body to Act During Readjustment Period

WASHINGTON, March 23.—Plans for more effective cooperation between the government and the coal industry, with expected benefits resulting to the general public, have been submitted in referendum form to the members of the National Coal Association, representing three-fourths of the country's bituminous production. The fuel administration, in making this announcement today, said the plans were the outgrowth of conferences held by Administrator Garfield with coal operators and mine workers.

The plans, which the fuel administration said were submitted to President Wilson before his return to France, provide that during the "period of readjustment and thereafter" a commission consisting of a member of the Cabinet and representatives of operators and miners shall consider all problems affecting the industry. The commission would act as an advisory body in matters of cost of production, labor conditions, transportation and other problems of the industry.

**Will Hold Meeting Soon**

Officials of the National Coal Association, it was said, have agreed to meet in all producing fields of study the proposals and advise the association's directors of their attitude and wishes. The meeting will be taken up at a meeting of the association's directors in Cleveland April 14.

The fuel administration in a statement today said the plan in brief proposed:

"That all facts relating to the industry or any question touching it, such as the cost of living, the cost of production, labor conditions, transportation facilities, and other factors entering into the cost of coal be officially and accurately ascertained by some of the regular government agencies."

"That the public be one of the parties at interest, the other two being capital and labor, and that no action affecting any of the findings of fact be taken until all three parties, through their duly qualified representatives, shall have had an opportunity to consider and discuss the proposals."

"That the determination of facts, as outlined above, and the formulation of administrative policy be two separate and distinct functions, and therefore should not be performed by the same agency or the government."

"That the findings of facts thus proposed should be submitted to a permanent department or commission of the government."

**Function of Commission**

"That the President designate some Cabinet officer, or other appropriate official to represent the public in considering any policy proposed, and that as advisers to the commissioner there should be an equal number, say three, of representatives of operators and miners. The function of the commission would be the consideration of all problems affecting the industry and the formulation of policies to deal with such problems, the commission being a purely advisory body, and

"That the commission shall make recommendations to the President, who would thus be placed in close relation with the industry and all factors entering into it, making for its prosperity or retarding its development."

**Curb Market**

Note.—The Tribune assumes no responsibility for the accuracy or authenticity of cur market quotations. Transactions and prices for the week ended March 22 were reported as follows:

**Industrials**

Sales. High. Low. Last. Net.

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