

# From the Financial Listening Posts of Europe

## Say Germany's Salvation Lies In a Big Loan

**Financiers Believe That She Must Be Freed of Making Indemnity Payments Out of Own Resources**

**Budget Problem Difficult**

**Handicapped by Fall of Mark and Big Increases in Cost of Government**

Special Cable to The Tribune  
Copyright, 1922, New York Tribune Inc.  
BERLIN, June 4.—Germany must obtain a loan which will render her free of making reparations payments out of her own resources for several years, if she is to fulfill the conditions imposed by the Reparation Commission as a basis for granting her an extension of a moratorium for 1922. This idea is expressed in all financial circles here. An American loan, as now contemplated, will do Germany little good unless it is large enough and granted on conditions that will really enable Germany to halt her paper presses and balance her budget.

It is a fact of most serious significance that in May alone the internal German debt increased by more than 17,000,000,000 marks, all of which was issued to meet reparations payments. Her total internal debt is now above 289,000,000,000 marks.

The demand of the Reparation Commission and the loan committee that Germany balance her budget—a demand which Germany has accepted—is more easily made than carried out.

A few figures bearing on the German budget for 1922 will serve to throw light on this problem. The Finance Ministry originally determined the government's receipts for 1922 at 115,000,000,000 marks. Due to the continued devaluation of the mark, however, the government has planned to squeeze out 20,000,000,000 marks additional plus 40,000,000,000 marks on the proposed compulsory internal loan. The total receipts, therefore, are expected to be about 195,000,000,000 marks.

Expenditures were originally estimated at 200,000,000,000 marks, but due to the further fall of the mark and the kaleidoscopic rise in the cost of living, necessitating large increases in the salaries of a vast army of government employees, this sum has been raised by about 25,000,000,000 marks, making the total expenditures approximately 225,000,000,000 marks. There is thus created a difference of more than 30,000,000,000 marks between receipts and expenditures, but this figure is highly illusory, for expenditures must be

added 226,000,000,000 marks on reparations payments due in 1922. This makes the national deficit for the year more than 256,000,000,000 marks, increased unless the operation of the Reichsbank's printing presses is halted. Failure to accomplish this would bring a further catastrophic decline in the mark, bringing with it complete dislocation of the budget. The Reichsbank can halt the presses on one condition only, namely, that Germany free a substantial period must be freed from reparations payments out of her own resources. No short-term loan will effect this, it is contended by German financiers, and it would, therefore, be of little use in meeting the situation.

## Sterling's Rise Attributed to German News

**Irish Developments, However, Are Having a Depressing Effect on the London Stock Market**

From The Tribune's European Bureau  
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LONDON, June 4.—The steady appreciation in sterling and marks is attributed here to the decisions reached in Paris and Berlin regarding German reparations. The reactionary tendency may be noticed, however, because of the grave political news following the series of conferences between English and Irish leaders.

New issues offering high interest rates continue to be oversubscribed. Unemployment figures show a slight decrease, but most lines of trade are still slack. Parliament is taking a recess over the Whitsuntide holidays and Lloyd George is resting in Wales after his labors at Genoa and in the Irish negotiations.

The most troublesome cloud on the British sky is Ireland and recent developments in that direction naturally have had a depressing effect upon the markets. The War Loan, which has been buoyant for some months, was among the first to decline. Lloyd George's speech in Parliament on Anglo-French relations and the German reparations generally was accepted favorably, but there was considerable opinion favoring Britain's cancellation of her war debts, whether or not America releases Britain from her obligations.

During the week it was announced that the government (in order to make an interest payment of £25,000,000 this year and that a conference to consider war debts probably will be held here within a few weeks. London attaches great importance to the Paris conference of financiers, the presence of J. P. Morgan being interpreted as a sign that America intends to play a big part in world financial readjustments. British business interests have been awaiting news regarding the sort of guarantees Germany can give to support a large loan. The members of the Amalgamated Engineering Union, who had been locked out for many weeks, have voted for peace.

## Paris Is Less Hopeful of Big Loan to Berlin

**French Sentiment Now Favors Smaller Loan, To Be Secured by Special Taxes: Allied Debts Involved**

**Important Decision Near**

**Govt.'s Financial Equilibrium Depends on Solving Reparations Problem**

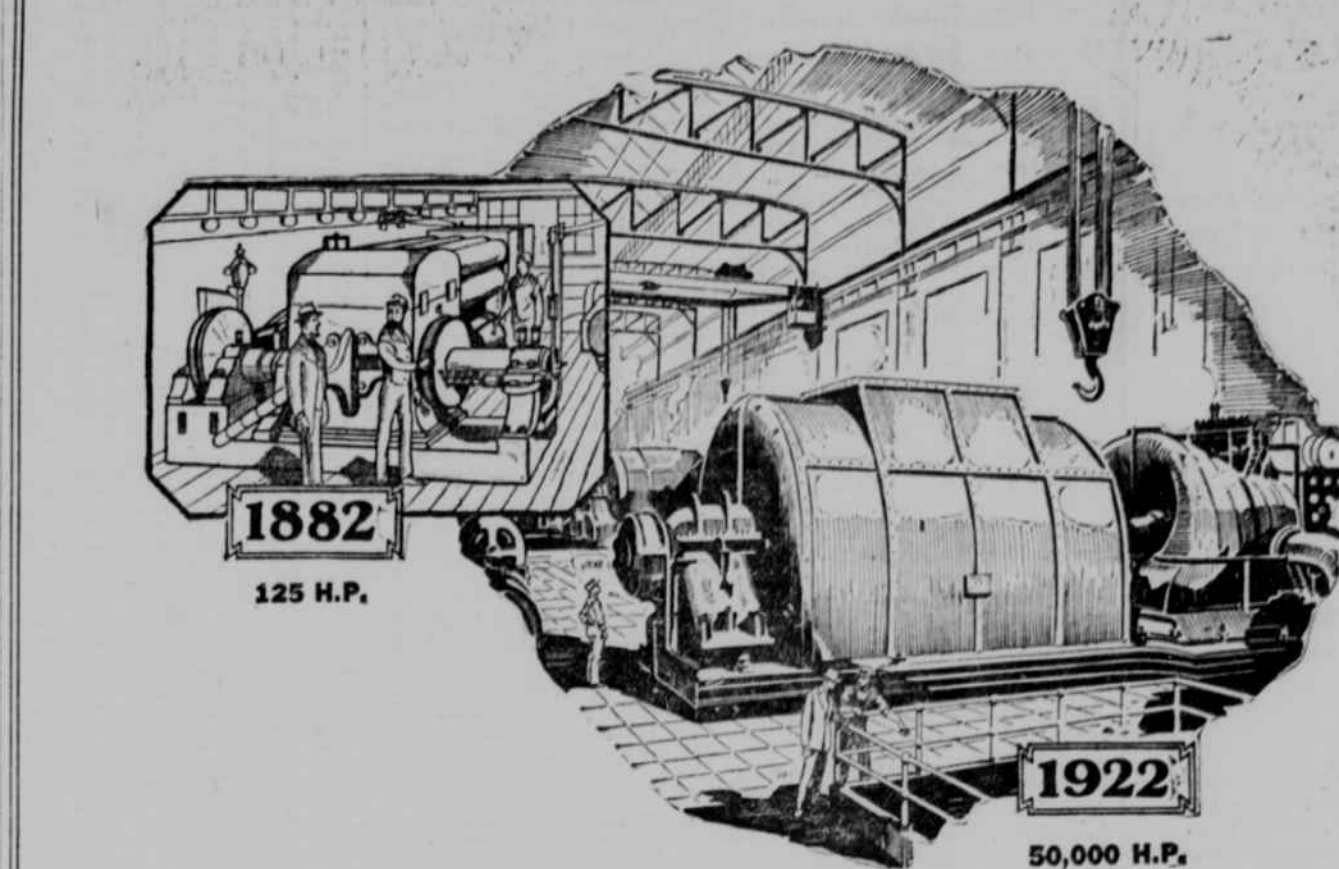
By Cable to The Tribune  
Copyright, 1922, New York Tribune Inc.  
PARIS, June 4.—Despite the passing of May 31 without incident and Germany's more conciliatory answer, public opinion is doubtful as to the possibility of a large international loan as well as a final settlement of the reparations problem. Although this is primarily due to prominent bankers' insistence on a reduction in the indemnity which brings up simultaneously the question of inter-allied debts, it is also due to ambiguities in the German answer to the Allied ultimatum. These must be clarified in the near future. It is agreed that fiduciary circulation in principle must be maintained at a figure established March 31, but there is an increase of 10,000,000,000 marks since then that must be removed by the end of June or new fiscal measures be proposed in the Reichstag.

The hopeful feature of the situation lies in the fact that Germany are anxious to restore their solvency by obtaining a foreign loan than their adversaries, as they would share largely in the proceeds, while failure of the plan might ruin their credit. Such action also might be an argument for further sanctions.

Even after an agreement in principle had been achieved, the discussion of guarantees resulted in continuous bargaining with the Reparation Commission, which possesses a virtual mortgage on all German national resources, and it must make concessions to subscribers of the external gold bond issue.

It would be unprofitable for the Allies to alienate the German government thus to alienate a first mortgage property as security for a small loan, as they would thereby sacrifice far greater indemnity through the mistaken opportunism. It is felt wiser to keep some sacrifice in the present doubtfulness of reconciling these points of view. French sentiment is rather in favor of a small loan of from two to four billion marks as a temporary expedient.

France's whole financial equilibrium depends on a satisfactory solution of this phase of the reparations, and she is postponing any radical change in method of taxation on the assumption that she will receive 200,000,000,000 francs in reimbursement in anticipation of reparations.



## Forty Years of Progress

Forty years ago—on September 4, 1882—electric current was turned on at the central station in New York City, 257 Pearl Street. This station began with fifty-nine customers, who were at first so skeptical that current was supplied them free for nearly five months. The Pearl Street central station contained six generators, nicknamed "Jumbos," and it was mentioned with awe that each one of those dynamo-electric machines had a capacity of 125 horsepower—now the capacity of the modern dynamo is from 50,000 to 60,000 horsepower.

From this small beginning there has grown a wonderful industry. The service performed by Electric Light and Power Companies extends today throughout the entire length and breadth of the land. Industrially speaking, electricity has all but turned night into day. It has improved working conditions, aided in increasing production, and in hundreds of other ways woven itself into the very fibre of the country's existence in farm, factory and home, aiding the people in their business activities, their pleasures, and their duties.

That original list of fifty-nine customers has grown during four decades until today, in homes alone—without taking into consideration shops, factories, public buildings,

churches and theatres—just in homes alone, more than thirty-three million people are being served with electric light and with power for labor-saving devices.

The Bonds of Electric Light and Power Companies are, as a class, entitled to a high investment rating. They are obligations of an established industry which not only supplies a service indispensable to the social and commercial life of the nation, but occupies the enviable position of facing a constantly growing demand for this service. Earnings are unusually stable, being little affected by periods of prosperity or depression, and increasing from year to year with the increase in the population of the country. The securities of these companies possess the further important advantage of offering a highly attractive interest return combined with safety.

Harris, Forbes & Co. was organized in 1882, the same year which witnessed the birth of the electric lighting industry. We were one of the first large investment bond houses to purchase original issues of Electric Light and Power Bonds. We have aided in the financing and development of many of the largest Electric Light and Power Companies in the country, and have at all times an extensive assortment of such securities which we offer with our recommendation.

Upon request for Circular C-111 we shall be pleased to send a copy of our June Bond Offerings

## Harris, Forbes & Company

Pine Street, Corner William, New York

Harris, Forbes & Company  
Incorporated  
Boston

Harris, Forbes & Company  
Limited  
Montreal

Harris Trust and Savings Bank  
Bond Department  
Chicago

## The Week's Bond Market

Government and Municipal Bonds				Week's High				Week's Low			
Sales				Close				Close			
171 U. S. Liberty 5 1/2	104.00	104.00	104.00	104.00	104.00	104.00	104.00	104.00	104.00	104.00	104.00
246 do 5 1/2	103.50	103.50	103.50	103.50	103.50	103.50	103.50	103.50	103.50	103.50	103.50
14 do 5 1/2	103.00	103.00	103.00	103.00	103.00	103.00	103.00	103.00	103.00	103.00	103.00
12 do 5 1/2	102.50	102.50	102.50	102.50	102.50	102.50	102.50	102.50	102.50	102.50	102.50
12 do 5 1/2	102.00	102.00	102.00	102.00	102.00	102.00	102.00	102.00	102.00	102.00	102.00
12 do 5 1/2	101.50	101.50	101.50	101.50	101.50	101.50	101.50	101.50	101.50	101.50	101.50
12 do 5 1/2	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
12 do 5 1/2	100.50	100.50	100.50	100.50	100.50	100.50	100.50	100.50	100.50	100.50	100.50
12 do 5 1/2	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
12 do 5 1/2	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50
12 do 5 1/2	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
12 do 5 1/2	98.50	98.50	98.50	98.50	98.50	98.50	98.50	98.50	98.50	98.50	98.50
12 do 5 1/2	98.00	98.00	98.00	98.00	98.00	98.00	98.00	98.00	98.00	98.00	98.00
12 do 5 1/2	97.50	97.50	97.50	97.50	97.50	97.50	97.50	97.50	97.50	97.50	97.50
12 do 5 1/2	97.00	97.00	97.00	97.00	97.00	97.00	97.00	97.00	97.00	97.00	97.00
12 do 5 1/2	96.50	96.50	96.50	96.50	96.50	96.50	96.50	96.50	96.50	96.50	96.50
12 do 5 1/2	96.00	96.00	96.00	96.00	96.00	96.00	96.00	96.00	96.00	96.00	96.00
12 do 5 1/2	95.50	95.50	95.50	95.50	95.50	95.50	95.50	95.50	95.50	95.50	95.50
12 do 5 1/2	95.00	95.00	95.00	95.00	95.00	95.00	95.00	95.00	95.00	95.00	95.00
12 do 5 1/2	94.50	94.50	94.50	94.50	94.50	94.50	94.50	94.50	94.50	94.50	94.50
12 do 5 1/2	94.00	94.00	94.00	94.00	94.00	94.00	94.00	94.00	94.00	94.00	94.00
12 do 5 1/2	93.50	93.50	93.50	93.50	93.50	93.50	93.50	93.50	93.50	93.50	93.50
12 do 5 1/2	93.00	93.00	93.00	93.00	93.00	93.00	93.00	93.00	93.00	93.00	93.00
12 do 5 1/2	92.50	92.50	92.50	92.50	92.50	92.50	92.50	92.50	92.50	92.50	92.50
12 do 5 1/2	92.00	92.00	92.00	92.00	92.00	92.00	92.00	92.00	92.00	92.00	92.00
12 do 5 1/2	91.50	91.50	91.50	91.50	91.50	91.50	91.50	91.50	91.50	91.50	91.50
12 do 5 1/2	91.00	91.00	91.00	91.00	91.00	91.00	91.00	91.00	91.00	91.00	91.00
12 do 5 1/2	90.50	90.50	90.50	90.50	90.50	90.50	90.50	90.50	90.50	90.50	90.50
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12 do 5 1/2	89.00	89.00	89.00	89.00	89.00	89.00	89.00	89.00	89.00	89.00	89.00
12 do 5 1/2	88.50	88.50	88.50	88.50	88.50	88.50	88.50	88.50	88.50	88.50	88.50
12 do 5 1/2	88.00	88.00	88.00	88.00	88.00	88.00	88.00	88.00	88.00	88.00	88.00
12 do 5 1/2	87.50	87.50	87.50	87.50	87.50	87.50	87.50	87.50	87.50	87.50	87.50
12 do 5 1/2	87.00	87.00	87.00	87.00	87.00	87.00	87.00	87.00	87.00	87.00	87.00
12 do 5 1/2	86.50	86.50	86.50	86.50	86.50	86.50	86.50	86.50	86.50	86.50	86.50
12 do 5 1/2	86.00	86.00	86.00	86.00	86.00	86.00	86.00	86.00	86.00	86.00	86.00
12 do 5 1/2	85.50	85.50	85.50	85.50	85.50	85.50	85.50	85.50	85.50	85.50	85.50
12 do 5 1/2	85.00	85.00	85.00	85.00	85.00	85.00	85.00	85.00	85.00	85.00	85.00
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12 do 5 1/2	84.00	84.00	84.00	84.00	84.00	84.00	84.00	84.00	84.00	84.00	84.00
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12 do 5 1/2	81.50	81.50	81.50	81.50	81.50	81.50	81.50	81.50	81.50	81.50	81.50
12 do 5 1/2	81.00	81.00	81.00	81.00	81.00	81.00	81.00	81.00	81.00	81.00	81.00
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12 do 5 1/2	79.50	79.50	79.50	79.50	79.50	79.50	79.50	79.50	79.50	79.50	79.50
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12 do 5 1/2	75.50	75.50	75.50	75.50	75.50	75.50	75.50	75.50	75.50	75.50	75.50
12 do 5 1/2	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00
12 do 5 1/2	74.50	74.50	74.50	74.50	74.50	74.50	74.50	74.50	74.50	74.50	74.50
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12 do 5 1/2	69.50	69.50	69.50	69.50	69.50	69.50	69.50	69.50	69.50	69.50	69.50
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12 do 5 1/2	59.50	59.50	59.50	59.50	59.50	59.50	59.50	59.50	59.50	59.50	59.50
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12 do 5 1/2	57.50	57.50	57.50	57.50	57.50	57.50	57.50	57.50	57.50	57.50	57.50
12 do 5 1/2	57.00	57.00	57.00	57.00	57.00	57.00	57.00	57.00	57.00	57.00	57.00
12 do 5 1/2	56.50	56.50	56.50								