

The Business Barometer

This Week's Outlook in Commerce, Finance, Agriculture and Industry Based on Current Developments.

By THEODORE H. PRICE, Editor, Commerce and Finance, New York. There are two divergent views now taken of the European situation and its reaction upon America. One is that war is impossible because Germany has neither money nor weapons to get the latter now that France is in possession of the great steel mills of the Ruhr.

The other view is that a nation that wants to fight can always find the means and weapons of war. That the imperial and militaristic party in Germany is now organizing for war and that when the time is ripe, it will be able to command the support of Russia, whose Germanized army of 1,200,000 men is well equipped and ready for action against France, when it is called upon.

Correct Theory Unknown. No one can say which of these theories is correct. It is doubtful whether the French government itself can foresee what will be the consequences of its present policy, or to what extremes it may carry the nation.

But here in Wall street we say "the ticker talks," which means that the course of prices reflects the significance of events more truthfully than the published news, and the decline registered last week in markets and francs, as well as in French national and municipal bonds is not reassuring to those who like myself, prefer to be optimistic.

It is therefore safer, though less agreeable, to take the gloomier view and consider what effect a war in Europe, if it occurs, will have upon American business. If happen we shall be mistaken and agreeably surprised by a spring time overhang the valley of the Rhine, our caution meantime will not have cost us much for the market are likely to continue in a state of suspended animation until the outcome is decided one way or the other.

Must Buy From U. S. The most important thing for us to bear in mind is that if war is renewed the belligerents will be compelled to buy largely of us, just as Germany has already been compelled to buy English coal because France shut off the supply previously obtained in the Ruhr.

The effect of this buying, if it occurs, will be to advance prices and the advance will probably be the greater because neither France nor Germany have any credit here and will be compelled to send the remnant of the world's gold supply under their control. The result would be to still further enlarge the base of our credit structure and make possible an expansion of loans that would almost inevitably lead to what is called inflation.

Therefore it seems logical to conclude that history would repeat itself and that after the initial shock of a new war had been felt, we would enter upon a period of speculation and hectic activity similar to the one through which we passed in 1918 and 1919.

But if on the other hand some peaceful modus vivendi shall be arranged as between France and Germany so that the work of European reconstruction can be resumed the result would be even more beneficial to us for we should enjoy a gradual improvement in the export market for our staple products that would mean a far more enduring prosperity in the United States than war could possibly bring to us.

But it would not be accompanied by the exaggerated advance in prices that is generally an incident of war and for this reason as well as for considerations more humanitarian it is much to be preferred.

Demand for Wool. The record of the week seems to indicate an unobscured perception of the fact that however providence deals the cards we are likely to get a good hand, for while activity is restricted, prices have been steady to firm and some articles are distinctly higher. One of them is wool, which reflects the eager demand for woolen goods that developed at the opening of the largest manufacturers.

Others are tea and coffee. The latter has advanced quite sharply since it was made plain that a large portion of the Brazilian government's holdings have been disposed of still another lumber.

In the metal industry an almost buoyant tone is reported. Copper is up to 14c and there is something of a scramble for steel that cannot be met because of the labor scarcity. The cotton goods market has also been decidedly busier at higher prices, although cotton futures seem halted in their upward course by the talk of a big acreage next year and some reduction in the export movement.

Markets Quicker. The stock and bond markets have also been quicker. The bigger stock speculators are away on their winter holidays and the rather sensational decline in the so-called Durant motor shares has made the smaller fry careful. The bond houses are waiting for their customers to digest the larger issues they have recently absorbed, but it is not likely they will have to wait long for, although the weekly statement of the federal reserve banks shows a loss of about \$1,000,000 gold, the reserve ratio is up to 78.9 per cent and this means a superfluity of credit which must somehow find employment.

The most important financial news of the week is Great Britain's acceptance of the administration's proposal for the settlement of its debt to us. Full details are given in the news dispatches and need not be restated here. In brief they contemplate the payment of the debt in 42 years, during which period interest on the unpaid principal will be paid at the rate of 4 per cent for the first 10 years and 3 1/2 per cent thereafter.

It is expected that the necessary ratification of this settlement will be speedily obtained from congress and that it will usher in an era of good feeling between the two great English-speaking peoples of the world that will mean much for the world's peace and prosperity.

Table with 4 columns: Item, Last week, previous week, Last year. Includes Bank Clearings, Business Failures, Federal Reserve ratio, Security Prices, etc.

Chicago, Feb. 4.—Practically all the surroundings in the wheat market are of a bearish character. With the exception of the possibility of a radical change in the foreign situation or a major crop scare in the winter wheat belt, there seems to be little in the situation at the present time on which bulls can base operations that would tend to bring about a material upturn.

The mysterious buying of May wheat which checked declines time after time, is said by those in a position to know to have been backspreading between Chicago and Winnipeg, the buying having been done here. Millions of bushels were spread when the difference was 7@10c per bushel, and profits have been taken on an extensive scale of late.

Market Weakens. Technically the market has been greatly weakened by the buying, and while there is less hedging pressure than would normally be expected under prevailing conditions, the burden is gradually growing, and lower prices than heretofore witnessed would not surprise many traders before long.

When it is considered that Germany, Poland, Austria-Hungary and some of the smaller European countries are practically bankrupt from a government monetary standpoint, the difficulties of trying to do export business in grains and in other commodities can be easily understood.

HOME LIFE INSURANCE CO. NEW YORK. Wm. A. Marshall, President. The 68d Annual Report shows—Premiums received during the year 1922—\$7,569,536

We're Growing

- During January, just closed, The Omaha Bee gained in every department of Advertising, over January of 1922. The total gain paid advertising, less legal, in lines being 53,774. And during 1922 The Omaha Bee made very material gains in its circulation. The increase in the daily average being over 14,000 and the increase in the average Sunday circulation being more than 18,000.

Financial

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Difficult to Analyze. In a situation of this sort it is never possible to determine how far a fall in exchange reflects political apprehension and how far merely economic misgivings. In the present case, however, the certainty of unpleasant economic consequences was admitted on all sides while the uncertainty of foreign political consequences was disappearing.

Question Open to Debate. This leaves it open to debate, exactly why so excessively violent a fall in the franc should have occurred on the news from the Ruhr. As against last week's low price of 8.784c, the franc stood at 8.77c last April and 7.80c at the end of 1922.

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