

POOR DOCUMENT M 0 2 0 3 4

THE STAR, ST. JOHN, N. B. TUESDAY, JANUARY 18 1910

FIVE

A Clean Cut Bargain FOR THE WOMEN

We have 120 pairs of Women's Dongola Kid Laced Boots, kid tips; made with extra heavy soles and military heels. Same goods as we have sold all along at \$2.50 and extra value at that, that we will place on sale this week at **\$1.98 a pair**. The makers through an error of theirs sent us more than we ordered and to save returning are willing to stand some loss so the public will be the gainers.

Waterbury & Rising
KING ST. — MILL ST. — UNION ST.

If You Want Nice Fitting Corsets
Ask for the P.C. CORSETS. Prices 50c, 75c and \$1.00 pair. All sizes at
WETMORE, Garden St. Home Journal Patterns

OVERCOATS
Our Overcoats are made from the very best material combined with expert workmanship. This is why they are the **Best**.
W. J. HIGGINS & CO., 182 UNION ST.

WANTED!
By **STANDARD CREAMERY CO., 159 Main Street,**
500 Daily Milk and Cream Customers to use good clean Milk and Cream, delivered at bottles any time between 4:30 a. m. and 6 p. m.
Call or Phone 7301

BENCH HANDS WANTED!
Two First Class Bench Hands Wanted Immediately
Apply 86 Erin Street.

A. E. Hamilton, Woodworker
Telephone 211

NOTICE! Auer Light Co.
Have Removed to
105 Prince William St.
where our old and new customers will be welcome.
HARLEY KNOX, Manager

Everybody Who Eats Bread
should avoid danger of impurities in delivery from the oven to the home. Insist on your baker wrapping his Bread in
Eddy's Bread Wrappers
We are the original manufacturers of Bread Wrappers now in use by Leading bakers of Ottawa, Montreal, Toronto and other cities.
THE E. R. EDDY CO., LTD., Hull, Canada.

Piano Bargains
Some pianos rented throughout 1909 have been taken in, thoroughly overhauled, and are ready now to sell.
You can save **\$75.00 to \$100** on any of these instruments.
COME IN TODAY and see them
I. New Scale Williams, No. 44.....\$275 00
II, Doherty, No. A 285 00
III. New Scale Williams, No. 9 255 00
IV. Brockley & Co. 225 00

The W. H. JOHNSON CO., Ltd.,
Dealers in Steinway Gerhard Heintzman Brinsmead
Martin Orme Stainer
7 Market Square, St. John, N. B.

"Mary, Mary," cried Mrs. Johnson to her maid, "what shall I do? I've just had a most dreadful accident and I've broken my new hand-glass, and you know how unlucky it is to break a looking-glass. It means seven years unhappiness."
"Lor, mum," replied Mary, "don't you set no heed on that! Look at me, I'm not fretting, and I've just broken the large spider glass in the drawing-room."

Toronto Tourist (who for the first time has entered a restaurant in Paris)—Have you ordered?
Hamilton Tourist (who has reached the table some minutes before, and who looks up from a French bill of fare)—Yes.
Toronto Tourist—What did you order?
Hamilton Tourist (impatiently)—How do I know?

SUGGESTS THAT SUPREME COURT JUDGE BE GIVEN POWER TO REGULATE 'PHONE RATES

Committee Probing Telephone Rates Submits Its Report to the Council of the Board of Trade
—Believes That St. John is Being Bleed to Meet Deficit Incurred by Operating Other Parts of the Company's System.

The council of the Board of Trade met at 4 p. m. yesterday for the purpose of receiving the report of the committee of the board appointed to consider the increase in telephone rates in the city. The report which was accepted by the council, is not in favor of the company. It states that the result of the investigation has been to show that the company's stock is "watered" and that St. John telephone users are being bled to meet the deficit incurred by operating other parts of the company's system. The report suggests further that one of the judges of the Supreme Court be given authority to regulate telephone rates.

The report in part is as follows: Your committee appointed to consider the increase in telephone rates in the city of St. John has submitted the following report:
Immediately on our appointment we proceeded to take up with the officers of the company the matter entrusted to us and found them willing to discuss the question in a friendly spirit, and to furnish us with all the information they had in their possession.

In justification of the present increase in the telephone rates the company contends that the present net income from its telephone system in the province does not afford a reasonable return upon the capital stock which has been issued. The company also contends that its rates are lower than those charged by other companies.

Back of the question of the amount of capital stock upon which the company claims the right to have a reasonable return are two questions—First, What is the amount of capital stock, if any, of the company which has been improperly issued? And, second, What is the amount, if any, by which the par value of the capital stock and bonds of the company exceed what would be the cost of replacement of its plant, or of the installation of an equally efficient plant?

The contention of the company is true only when the comparison is made with the rates of monopolies in Canada and the United States. We have a statement of the rentals charged in over 180 towns and cities in the United States in which competitive systems have been installed to protect the citizens from the monopoly of the Bell Telephone Company. The rentals in every instance are a great deal less than the rentals charged in St. John before the present increase. We have also a statement showing the telephone rates in various European countries which can be instituted the statement shows that the present rates in St. John are a deal lower than the rentals then existing in St. John.

The contention of the company when applied to long-distance tolls is equally misleading. These tolls in New Brunswick may be less than the tolls in other provinces of Canada and in the United States, but these tolls in Canada and in the United States are larger than in any other country in the world.

CAPITAL STOCK.
The total amount of capital stock has been issued by the company is \$1,755,800.

Up to the time of its absorption of the Central Telephone Company in 1907 the New Brunswick Telephone Company had, according to the statement given us, issued stock as follows:—
To The Bell Telephone Co. \$82,400
Stock issued to the Telephone Company at Newcastle for its Exchange 5,000
Stocks sold for cash 206,832
Stocks issued as Stock Dividends 172,568
\$466,800

The present officers of the Company stated they knew nothing regarding the stock issued to the Bell Telephone Company except that it appears in the books of the Company.

This statement given us by the officers of the Company is at variance with the statement of Senator Thompson, Managing Director of the New Brunswick Telephone Company given under oath in 1905 before a Select Parliamentary Committee at Ottawa appointed to enquire into telephone systems in Canada.

The following is the evidence given by him on this point:—
"Q. Did they take up stock for their purchase money?
"Ans. They took \$25,000 cash and stock \$25,000.
"Q. I see the purchase price was \$50,000 and \$25,000 was in cash and \$25,000 in paid up stock.
"Ans. Yes; that is right. We could not have raised all the money or we would have bought them out.

The statement given us by the Company varies from Senator Thompson's evidence in another particular. Senator Thompson on p. 512 states "at the end of 1904 the stock amounted to \$284,059 or 4,881,550 shares, of which the Bell people hold \$69,100 or 1,332 shares, and the difference between \$25,000 of paid up stock issued to the Bell Company (issued for its system in New Brunswick) and their holding of \$69,100 had been paid for in cash by the Bell Telephone Company." According to the statement furnished us by the Company the stock issued to the end of 1904 was \$230,950 or \$25,850 more than the amount given by Senator Thompson in his evidence as issued to that time. If the Senator's statement is true, and from his position as Managing Director we must assume that it is, \$25,850 of the paid up capital stock of the Company, which professed to be issued to the Bell Telephone Company for plant and equipment, was a mystery connected with this transaction which we have not been able to fathom. The \$172,568 paid up Capital Stock mentioned above was issued as stock dividends and professed to be for earnings of the Company which were not paid over to the shareholders in

cash. If from the total amount of capital stock issued to the time of the merger, \$466,800, there are deducted this \$25,850 paid up capital stock issued as above the net profit from the St. John \$172,568 issued as stock dividends the balance \$288,838 represents the amount of capital stock of the Company, which up to the time of the merger had been issued for cash or valuable consideration other than earnings.

The taking over of the Central's system by the New Brunswick Telephone Company was under the terms of an agreement which closed a struggle between these companies in which each had endeavored to outwit and outbluff the other. The result was that its cash dividends, which for the eight years previously had been declared annually at 8 per cent, immediately ceased, and have never since exceeded 6 per cent, while its stock dividends, which had totalled \$172,568.00, have ceased entirely.

FORMED A PART.

The St. John Exchange formed a part of this very profitable system which the New Brunswick Telephone Company had at the time of the merger. In view of the cash and stock dividends having been declared right up to the time of the merger (\$39,323.00 had been issued as a stock dividend in 1908, and of the rentals for a long portion of the term being considerably cheaper, it is surprising to find the company contending that its system in the city of St. John, which was the largest and most profitable portion of its undertaking up to the time of the merger, has in the two years since been so unprofitable as to necessitate the imposition of an additional burden upon its piggy bank of over \$14,000 per annum in the shape of withdrawal of discounts for prompt payment and of increased rentals.

The business of the St. John Exchange since the merger, however, so far from showing a great change for the worse financially, actually shows, after making all proper allowances for interest on the additional capital expenditures which have been made, and for the depreciation of the plant installed, largely increased and largely increasing profits.

We have no doubt, however, that the company's contention looked into the matter of its capital stock, the question of the present value of the exchange is justifiable is not to be decided by an analysis of either the capital account, or the capital expenditure account of the Company.

We feel, however, that the contention we have been able to gather that a valuation so made would probably fall below \$300,000.

We have arrived at the conclusion that after making all allowances for the exchange's operating expenses, depreciation, and renewals, and its share of the general expenses of the company, and of the interest on the bonded and floating indebtedness of the company, there will, without taking into consideration the increased revenue which will result from the present increase in rentals be a net profit on the present year's business of \$38,000, or 12 per cent on an amount which we are satisfied is not above the present value of the Exchange.

WITHDRAWN DISCOUNT.

The company has lately withdrawn its discount of 5 per cent allowed customers for prompt payment, as the gross revenue of the Exchange last year amounted to about \$78,000, this withdrawal will doubtless add upwards of \$2,500 to its revenue during the present year. The management estimates

that the present increase of rentals will give an additional income of \$11,136.55. If the present year adds the same number of telephones at last year's net profit from the St. John Exchange will reach the large amount of over \$30,000.

The tolls collected in the city of St. John with the exception of tolls for services within the city do not enter into the question referred to us, still, we think that the fact should be mentioned that last year the company received from these tolls a very considerable amount.

To sum up the results at which we have arrived:
1. Up to the time the New Brunswick Telephone Co. took over the business of the Central, the business of the former was very profitable, and the business of the latter company had, we believe, been carried on at a loss.

2. The issue of a considerable quantity of the stock of the New Brunswick Telephone Co. issued up to that time was unjustifiable, and the business of the Central Company was taken over at an excessive valuation.

3. The business of the St. John Exchange was before the merger, and still is a lucrative business, and the rentals before the present increase were sufficiently high to afford, and they afforded after deducting all costs of operation and maintenance and allowances for depreciation a good return on its fair valuation.

4. In increasing the rentals and tolls the company is seeking to relieve itself from the effects of over-capitalization and losses resulting from unprofitable business in some portions of its system.

The difficulties of entering into competition with the owners of a so-called natural monopoly like a telephone system are so great that people are deterred, except under very exceptional circumstances, from installing a rival plant. With regard to what the law of public utilities some control, which are public utilities some control, power should do what the law of public utilities some control, and secure to the people, who by the nature of things from imposition in the way of rates.

Various expedients have been resorted to at different times and in different countries to accomplish this end, and which experience shows to be very difficult of accomplishment. The most ordinary expedients are public ownership and public control of rates. The Legislature in New Brunswick, by chapter 27 of the statutes of 1907, intended to provide for both in the case of telephone systems.

This section does not authorize expropriation by municipalities. It authorizes expropriation by the province only in view of (mark the language) an average dividend of at least 8 per cent upon its total paid up capital stock.

Another objection to the section is that it vests even this phantom control in the hands of the executive. Apart from these reasons which render Governments very unsatisfactory tribunals for such a jurisdiction, the salaries of the members of our Provincial Government are entirely too small to justify the imposition upon these officers of the duties laid down in this section. To appoint a Commission to regulate the control of telephone and telephone rates in New Brunswick might not be desirable from a financial standpoint.

In New Brunswick we are fortunate

Pitcher Sale!

We are Clearing Out our stock of Pitchers at the Lowest Prices
40c. Pitchers now... 20c
30c. Pitchers now... 15c
20c. Pitchers now... 10c

W. H. HAYWARD CO. Ltd.,
85, 87, 89, 91, 93 PRINCE STREET

From Arctic to Tropics in Ten Minutes

No oil heater has a higher efficiency or greater heating power than the **PERFECTION Oil Heater** (Equipped with Smokeless Device).
With it you can go from the cold of the Arctic to the warmth of the Tropics in 10 minutes.
The new **Automatic Smokeless Device** prevents smoking. Removed in an instant for cleaning.



Solid brass font holds 4 quarts of oil—sufficient to give out a glowing heat for 9 hours—solid brass wick carriers—dampers—top—cool handle—oil indicator. Heater beautifully finished in nickel or Japan in a variety of styles.
Every Dealer Everywhere. If Not At Hand, Write for Descriptive Circular to the Nearest Agent of

THE IMPERIAL OIL COMPANY, Limited.

have a telephone for \$5 50. Instead of the \$10 (\$20 and \$25 in the suburbs) which was formerly charged.

A PROFITABLE VENTURE.
If it is found necessary to adopt municipal ownership in St. John, we have no hesitation in saying that from all the information we can gather a system could be installed which would give an equally efficient service at reduced rates and still yield a profit to the city.

Public control of tariffs is given by section 8 of the Act.

Two wrong principles are incorporated in this section. The telephone exchange in St. John like other telephone exchanges is a system complete in itself and the rentals should be determined with regard to the cost of installation, maintenance, and management of that exchange alone. Acting strictly within its rights under this section the Company could make the patrons of any exchange pay whatever rates it saw fit and the Lieutenant-Governor in Council would be powerless to interfere provided that it did not "earn and pay" (mark the language) an average dividend of at least 8 per cent upon its total paid up capital stock.

Another objection to the section is that it vests even this phantom control in the hands of the executive. Apart from these reasons which render Governments very unsatisfactory tribunals for such a jurisdiction, the salaries of the members of our Provincial Government are entirely too small to justify the imposition upon these officers of the duties laid down in this section. To appoint a Commission to regulate the control of telephone and telephone rates in New Brunswick might not be desirable from a financial standpoint.

In New Brunswick we are fortunate

January 18, 1910.

Why No Other Store Can Match the Oak Hall January Clothing Sale Which Is Now On!

The reason why this sale rises head and shoulders above any clothing sale that other stores have ever held or can ever hold is because:

1. Being manufacturers we sell our clothing to you at practically the same prices that other stores pay at wholesale.
2. Our regular prices are therefore 25 to 30 per cent. below the regular prices of other stores.
3. When we cut our prices—as we have done for this sale—you can buy our clothing at practically 50 cents on the dollar according to other stores' prices.

So there are no two ways about it—if you buy clothing at any store but Oak Hall you will have to pay more or you will not get as much as you should for what you do pay. You must buy at Oak Hall if you want to get all that's coming to you in the way of clothing value. The response this sale is getting shows that there are several thousands men, young men and boys—and women too—who know these facts to be absolutely as stated.

Men's Overcoats		Men's Suits	
Regular \$8.00 Overcoats reduced to	\$5.90	\$5.50 Tweed Suits reduced to	\$4.30
Regular 10.00 Overcoats reduced to	7.35	8.50 Tweed Suits reduced to	6.35
Regular 12.00 Overcoats reduced to	8.85	10.00 Tweed Suits reduced to	7.85
Regular 18.00 Overcoats reduced to	14.45	12.00 Tweed Suits reduced to	8.35
Regular 25.00 Overcoats reduced to	18.60	15.00 Tweed Suits reduced to	11.65
Regular 6.00 Ulsters reduced to	4.65	A lot of Tweed and Worsted Suits at half price	
A lot of Men's Ulsters in sizes 35, 36 only were \$15.00, \$10.00, your choice		Our whole stock of Blue and Black Suits greatly reduced in price.	

Boys' Clothing Bargains	
Boys' Norfolk Suits, ages 6 to 15 years, were \$3.00	Sale price \$1.89
Boys' Two-Piece Suits, ages 8 to 16 years, were \$3.75	Sale price 2.95
Boys' Three-Piece Suits, ages 12 to 17 years, were \$4.50	Sale price 3.60
Boys' Reefers, ages 6 to 12 years, were \$3.00	Sale price 2.15
Boys' Overcoats, were \$3.50, \$4.00, \$4.50	Sale price 2.87

GREATER OAK HALL,
SCOVIL BROS. Ltd., St. John, N.B.