

OUR VACATION SCHOOLS DOING EFFECTIVE WORK

Montreal now Possesses Four Vacation Schools With Attendance of Nearly Seven Hundred

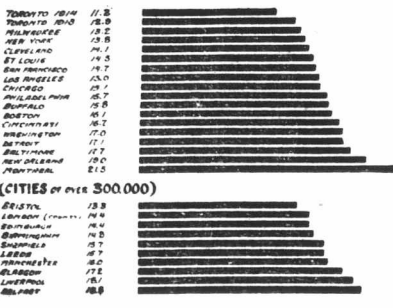
SAVING THE KIDDIES

A Most Effective Campaign Being Conducted in Behalf of Poor Children.

"Come and let us save the kiddies," are the words attributed to Mr. Alfred G. Vanderbilt, in his last hour on the "Lusitania," and groups of earnest men and women in cities throughout the land are devoting both time and energy to the saving of the children.

The Daily Vacation Bible Schools is only one of the many means employed in which this result is being secured, and is now one of the strongest and most active phases of social work being carried on in Montreal. Although the principal American cities

DEATHS PER 1000 POPULATION (CITIES OF OVER 350,000)



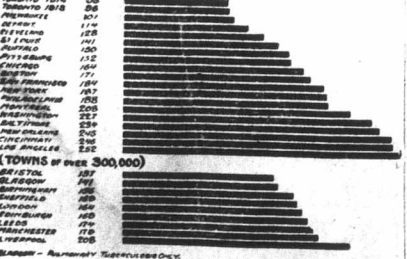
The general death rate of cities on this continent and in Great Britain, Toronto has a rate of 11.2, while Montreal has one of 21.5.

have had these schools in operation for some time, it is just three years ago that they were started in Montreal in face of a good deal of adverse criticism and many discouragements. Time has but shown that the labor, thought, and money expended each summer in teaching the boys and girls to become useful citizens, is a real good investment, and to-day public-spirited men and women are more ready than ever to stand by and support these schools.

Those who do not know of the schools, and the work they are doing, are not alive to the city's needs and opportunities. There are four such schools in Montreal this summer, established in centres where the need is greatest, at Point St. Charles (held in the Congregational Church), William Lunn School, Ebenezer Methodist Church, and Derivieres and St. James, with a total enrolment of 692 children. The object of the schools is to keep the children from running wild on the streets during the hot summer months, when there is so much mischief for idle hands to do, and to provide wholesome and healthy recreation and light handwork. Anyone with the welfare of children at heart could not be impressed with the air of cheerfulness, happiness, and cleanliness prevailing.

Each school commences with bright singing and opening exercises. There are Bible stories, with special attention to the story-teller's art. Folk dances, nursery plays, and sewing are taught the elder girls doing their best in making articles for the soldier boys at the front, learning that service brings happiness, and as anxious as their elders to do their "bit." The younger boys are learning to make little raffia articles as napkin rings, whisks, etc. The elder boys make hammocks and baskets, while other children make Union Jacks to be used in drills. In the afternoon the children are taken out and taught swimming and sports under efficient instructors. And so the hot summer days pass on, each contributing its quota of brightness into the lives of these youngsters who would otherwise lead such a colorless existence in the streets. Do some people shake their

DEATHS PER 100,000 POPULATION (CITIES OF OVER 350,000)



The tuberculosis death rate among the large cities on this continent and in Great Britain, Montreal has a death rate of 208.

heads and say: "Folly! But the wisdom of such folly! Every day that a boy or girl is kept contentedly at work, learning moral lessons unconsciously, by just that much the next generation being put on its feet and fitted, not alone to withstand temptation, but to do some strong noble work."

Every afternoon a complete report of each school is mailed to Mr. John Bradford, community secretary of the Central Y. M. C. A. Volunteer workers are needed in all centres. Anyone willing to help should send word to the above address. If anyone is not able to contribute time, but has a warm spot in his heart for this work, his subscription can be sent to Mr. Theodore Morgan, care Henry Morgan & Co. It would be difficult to find a more appealing form of social work. Visitors are always welcome.

REMINGTON GETS MEDALS.

New York, July 26.—Word has been received in New York that the Remington Typewriter Co. has received four gold medals, inclusive of the grand prize, for its exhibit at the Panama-Pacific Exposition in San Francisco. These awards are described as follows:

- Gold prize, for "excellence of its product."
Gold medal of honor, for "its educational value."
Gold medal, for "the flexibility and wider range of its adding and subtracting typewriter." Wahl mechanism.
Gold medal, to Remington typewriter ribbon and carbon papers, for "quality and variety."

Some Notes on Municipal Debentures---I.

By Thomas Bradshaw, F. I. A.,

A Member of the Toronto Stock Exchange House of Messrs A. E. Ames and Company.

The main object in preparing these notes is to set down briefly some features relating to Canadian Municipal Debentures which may be serviceable to the student body of the Insurance Institute, and possibly also to investors and those interested in municipal finance.

From the standpoint of soundness, municipal debentures stand next to Government issues in the opinion of all well-informed investors. The reason for this is that practically no losses have been incurred through them. They also yield a fair rate of interest and if the necessity arises for re-sale, a ready market is usually available.

What is a Municipal Debenture? It is the solemn promise of a whole municipality—a city, town, village, township or county—which has borrowed money to repay the same at a stated period with interest at a specified rate. The loans are made and debentures therefor are issued either on the direct authority of the taxpayers, or through their duly elected representatives—the municipal council. Such debentures form a direct obligation of the taxpayers of the municipality, and are secured by taxes which must be levied sufficient to meet principal and interest as they fall due. They are, therefore, a first charge against the property of the issuing municipality. In case of default in the payment of principal or interest the debenture holders would rank in advance of any lien or mortgage.

The insurance companies in Canada—and by many they are regarded as the most careful and skilful investors—have a keen appreciation of the merits of municipal securities. Of their total investments, no less than \$50,000,000 have been placed in municipal debentures. In going over the record of these institutions it has been found impossible to trace any loss of principal in this class of security.

The wise municipal laws enacted by the several provinces, combined with the generally careful manner in which they have been administered by the various local bodies, have undoubtedly impressed the investor, in their favor. So true is this, that in many instances purchases are made without investigating the financial record and standing of the municipality. This, however, is a dangerous tendency. A purchase should only be made after the investor is convinced that certain essential features relating to the municipality are satisfactory. This can easily be done. With a little experience, the investor will be able to apply such tests as will enable him to make a wise discrimination in his choice of the many issues which are offered to him from time to time. A little later, I will suggest how this may be done.

The volume of Canadian municipal borrowings in recent years has been carefully computed by different authorities. If two of these are chosen, say those of Mr. E. R. Wood, and the Monetary Times, the average lying between them may be taken as approximately correct. They are as follows:
In 1912 Canadian municipal borrowings were \$49,454,434
In 1913 Canadian municipal borrowings were \$113,901,783
In 1914 Canadian municipal borrowings were \$71,311,212

Total for the three years \$240,667,429

There is little doubt that if the war had not broken out during the last half of the past year, the 1914 borrowings would have been well up to, if not in excess of, those of 1913. The loans in future years will, of course, be regulated by the extent of our further development. In recent years development has been rapid and substantial, and as a result, municipal undertakings and borrowings have been upon an important scale. It is, of course, difficult to forecast what the course of the future in this respect will be. Some of the larger cities of the Dominion have ambitious projects under way, but in spite of these it is hardly to be expected that the high water figure of 1913 will again be reached for some years to come. Of the total of \$240,667,429 borrowed by Canadian municipalities during the past three years, approximately 25 per cent, was supplied by Canada and the balance by Great Britain and the United States.

Municipal securities are invariably bought by investors on the basis of the rate of interest which they will yield, irrespective of the rate which they carry; for example, a debenture of a representative city maturing twenty years hence and carrying interest at the rate of 4 1/2 per cent, per annum payable half yearly, would sell now upon about a 5 per cent. interest yield basis—or at a price of 137.72 per 100. It will be interesting to trace the price in terms of the interest yield rate, for the past few years. For our purpose it will suffice if we confine ourselves to the debentures of municipalities in the Province of Ontario; remembering that they generally rank as follows: Class 1: large cities and counties. Class 2: smaller cities, towns and townships. Class 3: villages.

AMERICAN HIDE CO.'S YEAR TO JUNE 30 PROVED DISAPPOINTING

Boston, Mass., July 30.—The results of American Hide and Leather for its fiscal year ended June 30 are undeniably disappointing. They illustrate the futility of expecting a consistent earning performance from an upper leather producer. The results for the December and March quarters were so good that the financial community took heart and assumed that American Hide was a favored child of fortune safely within the gilded circle of the "war babies."

The net results for the June quarter seem to show that the war business has petered out. For its year the company earned 7.4 per cent. on its \$13,000,000 preferred. The December and March quarters produced net profits of \$1,197,000, and a balance for the stock of \$887,000, or within \$90,000 of the total net of the year. The December quarter showed profits at the rate of 15 per cent. on the stock, and the March quarter at the rate of 12 per cent. The slump in profits for the three months to June 30 lowered the earning level for that period to an annual rate of only a trifle over 3 per cent. for the stock.

Of course, this 7.4 per cent. is good for a company which for 1914 earned but 1/2 per cent. for its preferred, and which for four years has not been able to strike a 4 per cent. rate for its senior shares. But it is so marked a decline from the promise of the winter six months as to be a sharp reminder that hopes of war profits founded on the upper leather business are apt to prove illusory.

There is a statement in the report to stockholders

Table showing interest rates for various municipalities and years (1896-1914) categorized by class (Large cities, Smaller cities, Villages).

From 1896 to 1908 prices gradually declined, with the result that the interest yields steadily improved. During 1909 and 1910 prices improved slightly, resulting in somewhat lower yields. Since 1910 there has been a noted decline in prices and interest yields have, consequently, been high. During a period when money begins to accumulate, i.e., when business is quiet and industry is at a low ebb, interest yields drop and prices of prime investment securities appreciate. When there is a strong demand for capital, which generally indicates industrial activity and general commercial prosperity, higher rates of interest usually follow, accompanied by a decline in price.

At present there are two divergent views held in regard to future interest rates. One is—Wealth is being consumed and destroyed in enormous volume, and that the longer the war keeps up, the greater will be the improvement of the European nations, and because of the destruction of property and wealth in Europe there is bound to be an enormous demand for capital for reparation. Consequently, it is held that there will be a tendency toward higher interest rates, which tendency will be maintained for an indefinite period. The other view is—The quiet but extensive liquidation which has been going on in recent years, the cessation of new enterprises and the marked caution followed in every direction in the matter of improvements and new developments are all having a most vital influence in lowering the average interest rate, and that this condition is likely to continue regardless of whether we witness a fair revival in industrial activity next year or not. Personally, I am inclined to the latter view.

The appreciation in the last few years in the value of money, or in other words, the higher rates of interest which have been paid for capital, has, as we have noted, resulted in lower prices being paid for bonds. The insurance companies have not been slow to take advantage of this condition, with the result that they have during the past two years been important purchasers at attractive prices. But this very condition which so greatly favored the making of new investments has had a rather disastrous effect upon the book value of investments which were made when money was cheap and bond prices relatively high, also upon those values which had been adjusted at a period when similar conditions prevailed. At the close of 1913 a very general readjustment of the values of their securities took place, with the result that the deductions made, either voluntarily or to comply with the terms of the Insurance Act, from "book values" to bring them in accord with "market values" approximated \$2,400,000, or about 2 per cent. of their holdings.

The existing system of valuing the terminable securities of insurance offices has been for some time open to question, and it is not unlikely that an improvement will be instituted which will be more rational and satisfactory. It does appear only reasonable that where a debenture carrying a fixed rate of interest and payable at par at its known maturity date has been purchased for permanent investment, that it, to be held until maturity, and to yield a specific rate of interest until it matures, the value should be determined year by year in accordance with the original yield basis at time of purchase, rather than in accordance with the ups and downs of the money market from year end to year end. There are, of course, two or three conditions which must be considered in this connection. If a company makes a practice of selling or trading in its municipalities then it is only right and proper that its holdings should be valued at a regular stock-taking period, and it should be prepared to accept the result, whatever that may be. Then again, there is the case of an insurance office which is not financially strong—one which may possibly have to reinsure its business or re-organize its affairs. Its assets may have to be taken over or realized upon promptly. In such a case market values should be considered, and it would appear as though such a company should be required to value them on that basis. To do otherwise would only add to its further embarrassment. Another case, where the original cost value or book value might require to be modified for the market value, is that of a security which is not likely to be paid when it matures at its full face value. Some unfavorable con-

dition may have arisen in the financial affairs of the company or municipality, whose debenture or bond is held, which clearly indicates that a loss is inevitable.

What tests should be applied to determine the merits of a municipal debenture? The following three at least, are worthy of consideration: (1) Financial status of the issuing municipality; (2) Validity; (3) Municipality's credit or good faith.

1. Financial Status of the Municipality.

(a) Tax Rate.—This in the Province of Ontario by the Municipal Act is limited to 20 mills on the dollar, exclusive of school tax and tax for local improvements. Speaking generally, a low tax rate is unquestionably preferable to a high one—it implies economy in administration and what usually accompanies this, a low percentage of net debt. A high rate indicates unhealthy management and a high percentage of net debt. A good test to apply in this connection is to compare the tax rate with the previous annual tax rates of the same municipality, or with those of other municipalities of the same class, size and condition. But let us not overlook the fact that the tax rate can be made high or low according as the assessment of a municipality is made upon a low or high basis. The following illustrates the great variation in the tax rate (for 1914-15) in the principal cities and towns of Ontario. The rate is inclusive of school and local improvements.

Table listing municipalities in Ontario and their respective tax rates (mills) for 1914-15.

In Ottawa and Belleville different rates are imposed according as the taxpayer is a supporter of "Public" or "Separate" Schools.

(b) Assessed Valuation.—This refers to the value of the real and personal property determined by the assessor as the basis of taxation. It is important to know whether the assessed valuation of property is reasonable, for the amount of a municipality's borrowings should be regulated by a percentage of its assessment. In Ontario the Municipal Act does not limit a municipality in this respect. It accomplishes the same purpose by the limitations of the rate. If the assessment be inflated, then the borrowings are also likely to be heavy. A consideration of the assessment per capita of population is frequently resorted to as a test of a fair assessment. In employing this method, however, care must be exercised, for, as is well known, the assessment per capita tends to increase as the population increases. It has been suggested that the assessment of municipalities of less than 10,000 should not exceed \$500 per capita; those having a population of between 10,000 and 50,000—\$1,000 per capita, and those having over 50,000—\$1,500 per head. Taking the same seventeen Ontario cities and towns and arranging them according to assessment per capita, we get the following:

Table listing municipalities and their assessed values per capita.

These two tables—tax rate and assessment—should be considered together. For example, while Toronto has the lowest tax rate, it has the highest assessment per capita; and Belleville, while having the third highest tax rate, has the lowest assessment per capita. Where the tax rate or assessment is abnormal, it is desirable that some investigation should be instituted, such as a comparison with the assessment and tax rate of previous years.

(The second and including instalment of this article will appear in to-morrow's paper.)

equal to cash for financing practically an additional month's business.

The company now has outstanding \$4,819,000 bonds, against \$5,171,000 on June 30, 1914. This is a reduction of \$352,000 during the year, and shows how a part of profits has been invested. The \$4,819,000 of bonds are considerably less than 50 per cent. of the net quick assets. Or stated in terms of the preferred, the company could use its net working capital to retire its bonds at par, and have a balance of \$5,338,000 left for the preferred, a sum equal to \$41 per share for the stock, without adding a penny for bricks and mortar or good-will.

CANADA AWARDS A \$6,000,000 CONTRACT

Order for Manufacture of Fuses Given to International Fuse Co. by Shell Committee

SUBLET \$800,000 CONTRACT

Keystone Watch Case Co. Gets Portion of Work—Russian \$70,000,000 Contract Not Yet Completed—Other Orders.

New York, July 30.—The Shell Commission of the Militia Department of the Canadian Government, acting for the British War Office, has just placed a contract amounting to \$6,000,000 in value, for the manufacture of time fuses for high explosive and shrapnel shells, with the recently incorporated International Fuse Company.

Of this contract there has already been sublet a contract valued at \$800,000 to the Keystone Watch Case Company, of Philadelphia, Pa.

A new Russian munition contract, aggregating in value no less than \$70,000,000, which was recently placed in the hands of a prominent financier in this city for subletting, has not yet been brought to the stage of completion.

The Corbin Screw Corporation, of New Britain, Conn., is now at work on a \$50,000 order for shrapnel shell parts for the Russian Government under a sublet contract. The factories of North and Judd, of the same city, are also participating in the shrapnel shell parts orders now being let out, having closed a contract amounting to about \$500,000 for such products, within the past ten days.

Another New Britain, Conn., concern which is profiting by the heavy war orders distributed recently is the Traut and Hine Manufacturing Company. That concern has received no less than three successive orders through J. P. Morgan and Co., calling for over 120,000 gross brass fasteners for the legions of British soldiers.

There is great confusion in many circles over the status of many reported war orders of enormous value which have been taken over from the various European governments within the past three months. In many cases the same order has been repeatedly designated as "new business" received by the large corporations, when, according to the chief factors in the English and Russian war buying operations, reports have been repetitions of the old orders going through successive stages of negotiation. It is freely asserted that there has been a great deal of exaggeration concerning the war contracts placed in this country, through such reports as the above being mistakenly circulated as "new orders."

In view of this fact, the following data, contained in a circular sent out by Messrs. Posner and Co., members of the New York Stock Exchange, are interesting as affording a definite and authentic statement on the more important "war contracts" secured by the American Can, American Locomotive, Baldwin Locomotive and Westinghouse Electric & Manufacturing Companies:

"American Can Company.—It was reported late on Saturday last, on good authority, that the final authorization on the closing of the \$40,000,000 contract which the British Government has been negotiating with the American Can Company had reached the officials of the company from London. It is said that other orders are pending.

"Baldwin Locomotive Works.—This company is now employing about 6,000 men on regular ordinary business. The war orders reported in May amounted to \$6,500,000, and since then additional orders approximating \$80,000,000 have also been reported. The latter orders are also for war materials.

"American Locomotive Company.—The company in April officially admitted that its big war contract had been closed. The size of the order will approximate \$70,000,000. The company at that time was also figuring on other contracts. The size of the order reported in May amounts to \$65,000,000. Half of this order has been equally divided between the New York Air Brake Company and the Westinghouse Air Brake Company. It is understood that late in May, 1915, a \$21,000,000 check passed to this company as payment for account of a European government as part of contract price for war munitions.

"Westinghouse Electric and Manufacturing Company.—On April 14 this company closed a contract for shrapnel aggregating between \$15,000,000 and \$20,000,000. It was also reported on May 24 that a war order for rifles was received from a foreign nation, which totalled \$27,000,000, according to reports of June 24. While utmost secrecy is maintained by those in a position to know, it was learned that the total value of munitions contracted for will approximate \$100,000,000. All this is new business and will be taken care of without interfering with regular trade." The Distillers' Securities Corporation has closed a contract for 14,000,000 pounds, or about 5,000,000 gallons, of alcohol, which is to be used by munition manufacturers in this country in connection with the making of powder, according to reports circulated yesterday. The company is now figuring on a contract with foreign governments for the delivery of 2,000,000 gallons per month for the next twelve months. It is asserted, the alcohol, it is understood, is being purchased by agents for the French and British Governments.

COST OF WAR TO FRANCE.

Paris, July 26.—First five months of the war cost France 6,403,000,000 francs, or \$1,280,600,000.

BRITISH CHEESE MARK ADVANCED BY

An English comparison was made of the Lancashire and Cheshire cheeses twelve months ago and no market in the pre-war days was given to the excessive heat which was the cause of the finest class of product per pound, wholesale, with Lancashire.

To-day, with the war waging once more described as slow, but the condition of things at that time, classes of feeding stuffs for such an extent that the finest of them would not come out of the ground in the Lancashire and Cheshire classes to-day figure at a dull, slow, more than a year ago, at 22s 6d per cwt. higher.

Messrs. Wall & Co., produce in officially report that the Colonies has been quieter, but the good. Canadians fetched 86c to 88c 5/8. Scotch Cheese in the market, 85c to 86c. The Cheshire market is generally all around, the official registration being "very quiet due to the price of the product being 82s 6d to 83s 6d; medium in the Lancashire cheese a well advanced, slow selling trade, and the general trend of the market. It is met with at 82s 6d, but these brought 85s to 87s 6d, an several transactions being recorded. Other principal classes were

UNITED STATES EXPORT HAS RUN UP TO

New York, July 30.—France, with eleven months was around \$224,000,000 of the nine months the average was \$275. This would seem to indicate that there has been a great deal of exaggeration concerning the war contracts placed in this country, through such reports as the above being mistakenly circulated as "new orders."

In view of this fact, the following data, contained in a circular sent out by Messrs. Posner and Co., members of the New York Stock Exchange, are interesting as affording a definite and authentic statement on the more important "war contracts" secured by the American Can, American Locomotive, Baldwin Locomotive and Westinghouse Electric & Manufacturing Companies:

Table listing countries and their export values for various years (1910-1914).

The average value of the total eleven months was around \$224,000,000 of the nine months the average was \$275. This would seem to indicate that there has been a great deal of exaggeration concerning the war contracts placed in this country, through such reports as the above being mistakenly circulated as "new orders."

In view of this fact, the following data, contained in a circular sent out by Messrs. Posner and Co., members of the New York Stock Exchange, are interesting as affording a definite and authentic statement on the more important "war contracts" secured by the American Can, American Locomotive, Baldwin Locomotive and Westinghouse Electric & Manufacturing Companies:

LIVERPOOL COTTON

Liverpool, July 30.—Cotton future to 2 1/2 points decline. At 12.20 steady.

Oct.-Nov. Ja Close ... 5.37 Due ... 5.33 1/2 Open ... 5.35

At 12.30 p.m.—There was a good spot. Prices were steady with Sales 10,000 bales; receipts 3,000. Spot prices at 12.45 p.m.—Ameo 6.20; good middlings, 5.64; middlings, 4.88; good ordinary, 4.12.

THE HIDE MARKET

New York, July 30.—The market hides continued firm, and further advanced in most grades. The yesterday, but this was due to heavy purchasing has cleared the of supplies.

Table listing various hide grades and their prices (e.g., Orinoco, Laguna, Puerto Cabello, etc.).

Dry Salted Selected:—

Table listing prices for dry salted selected hides (e.g., Payta, Marcalbo, Pernambuco, etc.).

Wet Salted:—

Table listing prices for wet salted hides (e.g., Vera Cruz, Mexico, Santiago, etc.).

City Slaughter Spreads

Table listing prices for city slaughter spreads (e.g., Do, native steers, selected 60 or over, Do, branded, etc.).



INDIAN SOLDIERS IN FRANCE FIGHTING THE BATTLES OF THE EMPIRE.

DOMINI COAL COMPANY GENERAL SALES OFFICE