WEATHER: FAIR

The Journal of Commerce

THE BUSINESS MAN'S DAILY

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U.S. WILL APOLOGISE

Insult To Italian Flag in Philadelphia Subject of Representation.

(By Leased Wire to the Journal of Commerce.)

Washington, May 18.—Marquis Confalonier, Italian Ambassador to the United States to-day renewed his demands that an apology be made for the insult to the Italian flag, which occurred in Philadelphia on May 14. The Ambassador presented his demands to Secretary Bryan. The apology will be made either by or on behalf of the two United States sailors who tore the flag from the window of a barber shop, under the impression that it was a Mexican insignificance.

PRESIDENT IS CAUTIOUS.

Will Not Allude To Mexican Trouble In Public Addresses.

(By Leased Wire to The Journal of Commerce.)

Washington, May 18.—President Wilson to-day made it clear that he will make no public addresses in which he may be forced to make allusion to the Mexican situation. This became apparent when the Chief Executive declined to make the principal address on Memorial Day in Arlington National cemetery.

He told a committee of the Grand Army of the Republic, which was headed by Commander J. K. Gleeson, that he hoped to speak in the historic burying ground before his term of his office expired, but felt he could not undertake it this year. The President was frank in basing his refusal on the Mexican crisis and the certainty that he would have to allude to it before an audience of old soldiers.

EX-MAYOR NATHAN COMING.

Washington, May 18.—Ernest O. Nathan, former Mayor of Rome, who will act as Italian Commissioner in the Panama Pacific Exposition to be held at San Francisco, will arrive at New York, May 25, on board the steamer Stampalia.

INCREASE IN CITY'S CAPACITY TO BORROW.

In an opinion written by Justice Brown, the Pennsylvania Supreme Court has sustained the right of the city of Philadelphia to borrow on the assessed valuation of personal property for self-sustaining improvements. This gives the city an increase of $40,007,767.50 in its borrowing capacity, making available this large fund for transit facilities and other permanent improvements.

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Calgary People Are Now Oil Mad

Syndicates Being Formed and Shares in Companies Eagerly Bought

SOME WILD SPECULATION

Great Many of Companies Trading on Success of Discovery Well Without Having any Tangible Evidence of Oil Themselves.

Calgary, May 18.—The entire city has gone oil crazy and all day Saturday excited crowds of people fought and pushed their way into oil stock agencies to purchase stock in the various companies. The widest differences in values are ruling and while one stock has jumped 400 per cent., others are still selling at par.

Stock in the Discovery Company has jumped from $18 per share on Thursday to $125. Syndicates are being formed with all haste and within a short time the public will have a choice of companies, the majority of which have holdings very far from the location of Discovery. The opinion of most experts now is that the field will extend for a considerable area but the general public will require to exercise great caution regarding some of the new issues which will shortly be offered.

While it has been conclusively proved that oil in commercial quantities exists near the foothills of the Rockies, the field must have its limits, and the most pernicious evil that can follow the strike is the formation of alleged oil companies with large capitalization. In the majority of cases the prospects will show that the investor will not have half a show for his money. The general public should be warned to carefully study the prospectus of the company before investing, as at the best, such purchases are little more than a speculation.

Best Yet to Come.

Cunningham Craig, the geologist and oil expert, stated the opinion on Saturday that a paying oil field will be found in Alberta. "The oil that is being obtained in the Discovery well," he said, "is very valuable, but it only shows that there is a great body of heavier oil somewhere near. A heavier oil refines into more products and has a much wider market. I should say that 'the best is yet to come.'"

The following statement was made last evening by A. W. Dingman, manager of the Calgary Petroleum Products Company, owners of Discovery well: "When I left the well this afternoon there were 2,000 feet of oil standing in the bore. We are baling the oil at frequent intervals, as we do not wish to take any chances of having it rise high enough to cause spouting. Replying to a question as to whether he believed the oil would flow over if not baled out, he said: "Yes, the indications are that it would. We did not bale last night and when the cap was removed this morning the oil spouted out as it did on Friday and Saturday."

120 Barrels in 24 Hours.

Mr. Dingman declined to put any estimate on the present output. "We have taken a good many drums of oil from it," he said, "and the oil continues to flow. It is now standing 2,000 feet. The bore is eight and one-half inches, so you can figure it out for yourself. Using these figures and making them a little more conservative, say calculating 1,500 feet of oil rising in 14 hours, the bore would yield about 4,800 gallons, or approximately 120 barrels in a 24 hour day. We have not exactly decided what we will do next," he said, "but no further effort to drill will be made until we have completed arrangements for storage. We now figure on a storage tank at the site of the well. Meantime we are filling all the iron drums sent from Calgary. Once we have made arrangements to handle the product we will probably go deeper, about one or two screws, a screw being about six feet long. The formation in which we are getting the oil is a good hard sand, capable of holding the oil in storage.

Thousands of people visited Discovery yesterday. Armed guards kept back the sight-seers and every precaution is being taken to prevent fire, only privileged persons and the press allowed to enter and inspect the buildings.

IRON ORE PRICES.

Prices announced by iron ore dealers to be in force during the season of 1914 average in the neighborhood of 60 cents a ton lower than those ruling last season, but the same as those ruling in 1912. With the exception of three years, namely, 1904, 1905, and 1912, iron ore prices since 1900 never have been so low as they are at the present time. In only one year in the last fourteen were they lower—that was in 1904. Following 1900 the peak of prices was in 1907.

It is said that reduced ore prices as above indicated will mean more to the merchant iron producers than it will to the steel companies. All the larger steel manufacturers own their ore supply, none but the very small manufacturers buying in the open market. Reduction in ore prices will mean, it is said, a decreased cost of production for merchant furnaces of at least $1 a ton which will be welcome to those manufacturers. Steel and pig iron prices have discounted reductions in ore prices so that no further declines in either are expected.

AN EXTRA DIVIDEND.

The Standard Silver-Lead Mining Co., a company operating in British Columbia, has declared an extra dividend of $50,000 this month. This makes a total distribution to date of $1,375,000. The capitalization of the company is $2,000,000.

EFFECT OF NEW BUDGET ON OVERSEA INVESTMENTS

It is not Thought that Provision to Tax Oversea Investments Will Tend to Discourage Capital from Extending

MUST MAKE GREATER PROFITS

With a Tax on Capital Placed Outside of Country Investor Will Naturally Look for Greater Returns to Meet Increased Liability—Not New Taxes but a Readjustment of the old, ays London Correspondent—The Grant in Aid Scheme.

(Special Staff Correspondent.)

London, May 18.—The 1914 budget of Mr. Lloyd George will rank in importance and farreaching effect with his budget of 1909. They are both concerned, as the popular phrase runs, to put "the biggest burden on the broadest back."

They are both based on the principle that the land should bear its proper share of taxation to the relief of private industry and public undertakings. Thus, they are both budgets of the "popular" variety. The masses are not sympathetic with the landowners and the wealthy few upon whom the Chancellor of the Exchequer levies his taxes.

Six months ago the govenent announced a wide scheme of land and housing reform, and the main part of the 1914 budget is concerned in providing for the financing of these schemes. The most remarkable feature of the budget is that the financial requirements are provided for by a re-adjustment of existing taxes, and not by the imposition of new taxes. Moreover, the re-adjustent actually provides for the relief of local rates by providing a greater share of the money required for public purposes out of the national funds.

Grant-In-Aid System.

This is being accomplished by means of an extension of the "grant-in-aid" system. The central government will find more of the money required for housing, sanitation, roads, poor relief, police, etc., and the local governments will have to find correspondingly less. Yet it is incorrect to say that the local rates will be reduced by the amount granted from the central fund. There are many districts in the country where very necessary schemes have not been carried out because the burden of the local rates was considered heavy enough already. In such districts, the "grant in aid" will enable such schemes to be entered upon. This will, of course, mean great improvements in local conditions, and backward areas will be brought up to the general standard. Indeed, the Government will have greater power over the local authorities, not only in proportion to the amount granted in relief of local rates, but also because the grant will be more and more conditional upon a proper discharge of their duties by the local authorities.

May Withhold Grants.

For instance, if a district falls behind the proper standard in regard to public health provisions, the grant for this and other purposes will be withheld, and a heavier burden will immediately fall upon the local rates. This will prove a sharp lesson to the local electors, who will thereupon see that they elect a council ready to carry out such necessary reforms as the Government desires.

The Government does not intend to place a tax directly upon site values. They have adopted the principle, but are carrying it out indirectly, though no less effectively. At present the local rate has increased as the property is "improved," that is to say, everything done in the way of erecting buildings, draining land, making streets, and so on, is considered an improvement, and although in most cases the improvement is of much greater value than the land itself, the burden of the extra rates is placed upon the improvement and not on the land. This system is to be reversed. The rates on improvements will be relieved, inasmuch as the total amount to be raised by the local rate will remain the same, a larger proportion will fall upon the land itself. The details of these proposals have not yet been announced, but we may shortly expect some information on the question. The whole subject of rating is so complicated that I am afraid the Government will not be in a position to undertake a Rating Bill this year.

Investments Abroad.

Another point in the budget which is of special interest to you is the proposal to ascertain the amount of incomes from investments abroad, in order that the payment of income tax may not be avoided in respect to such proportion of a man's income. How this will be done we do not yet know. It appears that the only method is to invite income-tax payers to make a declaration under the heading of investments abroad, and if they do not make a clean breast of it, to penalize their estates on death. In the city it is generally held that the yield to the national revenue will be unexpectedly large. It is not at all likely to check or hinder overseas investments. It may even encourage them. Capital always seeks the best investment, and the more the investor has to pay in taxes, the more he will want to make from his investments.

Sir George Paish's opinion:—

Apprehensions with regard to the size of its ever-increasing expenditure have been somewhat allayed by Sir George Paish the editor of "The Statist," who is well known in Canada. He has recently discussed the question whether the country can really afford to spend the $1,500,000,000 a year demanded of it by the Govenent. Can Great Britain look forward with equanimity to the large and additional expenditure which the social legislation of the next few years will probably require?

His answer to his own question was an emphatic affirmative. Roughly speaking, the wealth and income of Great Britain doubled every thirty years, he said, and it might be estimated without fear of exaggeration that about 1944 we shall have a national income of twenty thousand million dollars and accumulated national wealth valued at over $150,000,000. This, of course, should mean that the efforts of the Government in the direction of social reform will not lack the necessary funds. Sir George Paish further ventured the opinion that the time is not far distant when the income of everyone will be over the poverty line.

In an interview published in the London Daily Chronicle, Sir George Paish points out that in 1880 the Budget, which was only $415,000,000, and raised out of an income of $5,000,000,000, was a more serious burden in proportion than our present expenditure of 4,000 million dollars raised out of an income of 12,000 millions. The national income for 1907 was 10,000 millions, according to the census of production, and the additional 2,000 millions for the last six years is a very modest estimate. It is noteworthy that in the past year British investors, large, medium and small, have provided foreign countries and the Dominions with nearly 1,000 millions of new capital, and have obtained on their investments a rate of interest at least 1 per cent. higher than they obtained on their investments a few years ago. Indeed, since 1909 our capitalists have supplied nearly 5,000 millions abroad, and the higher interest obtained has been sufficient to pay the additional demands of the Budget.

One anticipated effect upon those affected by the super-tax and death duties will be the search for securities bearing higher rates of interest. Where 3 and 4 per cent. obtained previous to the "People's Budget" of 1909, 4 and 5 per cent, and even more has been forthcoming since.

W. S. DOWDING.

A $30,000,000 CONTRACT

Bethlehem Steel Alleged to be Doing Business With China.

(By Leased Wire to the Journal of Commerce.)

London, May 18.—The Daily Mail to-day published a despatch from Shanghai giving details of a loan of $30,000,000 negotiated by the Chinese Government with the Bethlehem Steel Works for the construction of a naval base at Foo Chow. The existing Foo Chow dock is the only security. It is said that only United States engineers and materials are to be employed.

According to the despatch, $10,000,000 will be paid to the Chinese government within three months of the signing of the contract. This sum is for any purpose the government pleases. Only $20,000,000 will be devoted to constructional purposes. The Shanghai correspondent of the Daily Times, referring to the same subject, says it is hardly imaginable that the Washington government will support the scheme.

CHARGED WITH FRAUD.

Washington, May 18.—Indictment of the officers of the Carbon Steel Company, of Pittsburg, for alleged fraud in government contracts is being sought by the Department of Justice, it became known to-day. The government contends that the frauds were committed in connection with the delivery of material for the Panama Canal.

The principal stories in to-day's issue, which may be found in their respective departments, are:
Local Wholesale Grocery Market. Retains its Firmness. New York Market has Stronger Tendency.
Live Stock Markets Steady with a fair Trade Passing. Prices ruled steady at last week's levels.
Local Markets.
Sentiment in Local 'Change Improved.

Don't Bother With Economic Phase

Senator Sutherland Discusses Panama Canal Tolls Question

FAVOURS ARBITRATION

To Vote for Repeal Would be Admission of U.S. Powerlessness to Grant Exemption—Let it be Arbitrated, says Senator.

(By Leased Wire to Journal of Commerce.)

Washington, May 18.—Basing his argument entirely on the ground that the United States has a right, under the Hay-Pauncefote treaty, to exempt its coastwise vessels, and also its overseas vessels from the payment of tolls through the Panama Canal, Senator Sutherland, of Utah, to-day addressed the Senate in opposition to the Panama Canal Tolls Repeal Bill. Senator Sutherland did not attempt to discuss the problem from an economic standpoint. "I shall vote against the repeal of the exemption clause," he said, "basing my vote primarily upon what I conceive to be the necessity of reasserting with emphasis the American report under the treaty and leaving myself free to consider the economic side of the subject when, if ever, it may be determined solely upon its merits.

"To vote for the repeal now would be to concede in the most deliberate manner our want of legitimate power to allow the exemption. Unless we are simply playing with the subject, the action of Congress upon this bill announces the permanent attitude of Congress respecting its powers under the treaty. After discussing in detail the terms of the Clayton-Buller and the Hay-Pauncefote treaties, to show that the United States is entirely justied in the exemption of her commercial vessels, as well as in the exemption of her war vessels, from the payment of tolls through the canal, Senator Sutherland announced that he favored submitting the question to the arbitraion of some disinterested tribunal.

Huerta to Resign If It is Necessary

Provisional President Has Authorized Mediators to Submit His Resignation

FIGHTIHG NEAR SATILLO

Sharp Conflict at Point Eight Miles East of City — Federal Guns Playing on Constitutionalists — General Assault on City Tonight.

(By Leased Wire to the Journal of Commerce.)

Washington, May 18.—Huerta has authorized the Mexican mediation delegates to submit his resignation in case it is found necessary to a settlement in peace negotiations. This was stated positively in despatches today from a thoroughly competent diplomatic source in Mexico City to one of the foreign representatives, and confirms information given by friends of the delegates here yesterday.

SHARP FIGHTING AT SATILLO.

Rio, Coahuila, Mex., May 18.—Sharp fighting is going on at a point eight miles east of Satillo, where Federal guns are bombarding the advancing Constitutionalists. It is expected the general assault on Satillo will probably be begun by tonight or tomorrow.

En route here from Hipolito last night, the main body of Villa's forces encountered vigorous opposition at Flora. A large force of Federals, well equipped with artillery, poured a hot fire into the rebels' ranks. Circling a low range of hills, Constitutionalist cavalrymen attempted to reach the Federal rear. The enemy's scouts detected them, and the Federals retired toward the besieged city. The engagement at Flora was believed at first to be a checking movement to enable the main body of 12,000 Federals to evacuate Satillo and attempt to reach San Potosi. Couriers reported today, however, that there were no indications of a general Federal movement south.

Villa has established a temporary base here, ten miles north of Saillo. It is believed he will direct his final assault from the waterworks east of Satillo. They are reported to be in rebel hands now.

WESTERN POWER CO.

At a directors' meeting of the Western Power Co., F. Lothrop Ames, of Boston, was elected president. Irving W. Bombright was elected a member of the executive committee. Other officers were re-elected.

PLANS FOR HOSIERY MILL.

Charleston, Tenn., May 18.—W. J. Eldredge, president of the Charleston Hosiery Mills, is endeavoring to complete plans for his company's hosiery knitting mill. This company was recently included among the new organizations.

Mike—"Do yez believe in the recall of judges, Pat?"

Pat—"That I do not. The last time I was up before his honor he sez: 'I recall that face. Sixty days.' I'm agin the recall of judges."—Life.

BLACKSTONE VALLEY GAS.

Boston, May 18.—Blackstone Valley Gas and Electric Co. declared semi-annual dividend of $2 per share on the preferred, and quarterly dividend of $2 on common stock, payable June 1st to Stock of record May 20th.

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Commons Resume C.N.R. Debate

Vote on Six Months Hoist Will Be Taken Tomorrow

VOTE WITH OPPOSITION

It is Said That Messrs. Bennett and Nickle Will Side With Liberals —Mr. German, of Welland, Continues Debate.

(Special Staff Correspondence.)

Ottawa, May 18.—The debate on the C.N.R. aid resolution was resumed in the Commons this morning by Wm. German, of Welland. The debate will continue all day. A vote on E. M. MacDonald's motion for a six-months' hoist will be taken tomorrow. It will be defeated probably by a normal government majority. Messrs. Bennett and Nickle will vote with the Opposition, but, on the other hand, there may be a couple of the Liberal members vote with the government in favor of the resolution as brought down.

Mr. German declared this morning that Mackenzie and Mann would be back again next session for further aid. The forty-five millions now proposed, it is said, would not be half enough to bring the C.N.R. up to the required standard and to complete and equip the system.

Mr. German urged the need of a thorough investigation of all the affairs of the Canadian Northern Company and of the construction company of Mackenzie and Mann, Ltd.

There was, said Mr. German, no difference of opinion on the Opposition side that the road should be completed and placed upon an earning basis so that the people could get some of their money back, as soon as possible. But they were united also in a demand that a thorough enquiry should be made. The great majority of the people were of the same opinion. "The people," declared the member for Welland, "are becoming tired of being bled for railway enterprises upon the mere say of the promoters." They believe that it should be established beyond doubt that the money which Mackenzie and Mann had received had been spent on the enterprise which they now wanted to be further assisted.

Big Day For Bennett.

Ottawa, May 18.—While R. B. Bennett was holding the attention of parliament and of the country on Thursday last by talking about the sources of the fortunes of Messrs. Mackenzie and Mann, his own fortune was enriched by tens of thousands of dollars. By a peculiar coincidence Mr. Bennett received a telegram during the dinner interlude of his culminating parliamentary effort announcing the Calgary oil discovery. Mr. Bennet has one-third interest in the new oilfields, and it is said that the day's results meant an addition of about $100,000 to his wealth, to say nothing of the effect on his political capital.

QUALITY NOT QUANTITY

Not as Many Immigrants, But All of Right Kind This Year.

Mr. W. D. Scott, superintendent of immigration, passed through Montreal Saturday en route to Ottawa, having inspected the immigration buildings at Quebec City.

"The volume of immigration will not be as large this year as it has been in the past," he said to The Journal of Commerce, "but what it lacks in numbers will be more than compensated for in quality. There has never been a better class of immigrants coming to Canada than those who are arriving this year. Later on in the season they will pour in in larger numbers, and they will be like the great majority of those coming now, of the right sort—actual settlers. Farm laborers, domestics, mechanics, clerks and others of that class are not coming, as a rule, and the result will be that there will be fewer idle people in Canada."

Mr. Scott's many friends will be glad to learn that he has recovered from his recent serious illness and is himself again.

LOYALISTS TO ORGANISE.

The formation of an United Empire Loyalist Association in Montreal is proposed. It is stated that there are a large number of the descendants of the Loyalists, in and about the city, and amongst them are many prominent citizens.

MR. SMITHERS IN CITY.

A. W. Smithers, chairman of the Grand Trunk Railway, who is in the city today to attend the funeral of the late Wm. Wainwright, is optimistic regarding conditions in the Old Country, and foresees a clearing in the financial sky in the immediate future.

Before returning it is probable that Mr. Smithers will help to decide upon the appointment of a successor to the late first vice-president.

FAIRMOUNT GAS CO.

While recently declaring the initial quarterly dividend of 1¾ per cent. on its $1,000,000 preferred stock, the Fairmount Gas Co. took no action on an initial common dividend and it is probable that this will now go over until the meeting in July.

NATURAL GAS CO.

The Supreme Court of West Virginia has decided against the city of Wheeling, which has long enjoyed a monopoly in the sale of gas to private consumers, in its attempt to enjoin the Natural Gas Co., of West Virginia, from selling gas.

Pilgrimage to Lourdes and Rome
Under Episcopal Patronage
Will leave Montreal and Quebec by the palatial Allan R. M. S. "ALSATIAN" (18,000 tons) JULY 2nd
Under the spiritual direction of Monseigneur Paul Eugene Roy, Bishop of Quebec and P. J. Galvin, B.A., St. Peter's Cathedral, Peterboro, Ont.
Visiting England, France, Italy and Switzerland.
Hotel accommodation at Lourdes (not outlying places) during the Eucharistic Congress.
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