

## HUMBER VALLEY DEVELOPMENT.

### The Case for the Proposition.

Messrs. Sir W. G. Armstrong, Whitworth & Company have been asked by the Directors of the Newfoundland Products Corporation and Mines and Forests (Newfoundland) Limited, the owners of the Humber River water-power rights, certain lands adjacent to the river and certain timber limits, to act as their technical advisers in the development of the natural resources of their properties and to co-operate with them in the management of the industries to be established, and an agreement has been entered into, whereby, Messrs. Armstrong, Whitworth & Company undertake to act in this capacity.

During the past season, the new scheme for the development of the Humber River has been surveyed by the R.C.M. Company's engineers. The development consists of 100,000 H.P. from the Junction Brook flow. A further development of 60,000 H.P. can be added at the same site, by using the waters of the Upper Humber. And a further quantity of 25,000 H.P. can be developed from smaller streams in the immediate vicinity, and transmitted to this site at the head of Deer Lake, making a total possible development of 255,000 H.P.

Hydro Electric Power Cheapest. Cheap electrical power is now considered one of the best and safest investments. The estimated average cost of this whole development will not exceed \$60.00 per H.P. This is a remarkably low figure, as is shown by comparing it with other similar undertakings, the cost of which is as high as \$300.00 per H.P. The average for all Hydro-Electric concerns in Canada is \$217.00 per H.P. The various industries for which cheap power is either essential, or of great importance, are being studied, taking into account all the local conditions and the resources of the country. As a result of this study it was found that the pulp and paper business would be the most suitable for the first industry, and a very thorough study of this was made in co-operation with the technical Directors of Messrs. Chas. Walmsley & Co. of Bury, Lancashire, England, one of the best known paper experts of Great Britain and with a world wide experience in paper making.

The construction of a pulp and paper mill, utilizing about 85,000 H.P. and producing 400 tons of newsprint per day, has been decided upon. Of this power 25,000 H.P. will be required by the pulp graders and paper making machinery, and 60,000 H.P. will be used for raising the necessary steam for drying the paper, producing sulphite pulp and heating. This method of operation will be cheaper than coal, and at the same time will make the mill independent of all supplies of outside coal. The timber limits have been carefully cruised by competent men, under the direction of Mr. J. P. Powell. The amount of wood available is estimated to be 10,500,000 cords, and as the quantity required is 220,000 cords per annum, there is enough wood on these limits to supply the mill at the proposed capacity, for 50 years, without considering natural growth during this period. This only represents about one-third of the timber available on

the West Coast, so that the supply of timber is beyond question.

**\$20,000,000 to be Expended.** Messrs. Armstrong, Whitworth & Company will take a contract to supply all the machinery and equipment for the whole power development and the pulp and paper mill at a firm price; execute the work on the site, construct and erect on a cost, plus percentage basis, so that the undertaking will benefit from any reduction in the prices of all materials used in the construction as the work progresses.

On this basis, it is estimated that the cost of the whole development, including working capital, will not exceed \$4,000,000. The estimated capital cost for the first 85,000 H.P., to be used for the purpose of manufacturing paper, worked out at the rate of \$77.00 per H.P., which is a very low figure. Included in this figure is the cost of storage dams, canal, controlling and intake dams for the whole development, which reduces the cost of the balance of the power development of this project to \$44.00 per H.P. The estimated cost of producing paper at this plant is \$40.00 per ton, with rough wood costing \$6.00 per cord at the mill. This cost of making paper is based on the most reliable and recent information in the most up-to-date Canadian Mills, where conditions most nearly approximate those of the proposed new undertaking. This figure will prove to be a conservative estimate. It is figured that the paper project can be carried out in two years time, provided financial arrangements can be made within the next few weeks, so that plant, equipment and material can be provided and assembled to make a very early start this coming Spring.

**The Financial Side.** All of the foregoing, however, is but one side of the problem, and the other part, the financial side, is one in which Messrs. Armstrong, Whitworth & Company have an equally important part. There are many good industrial projects all over the world, and one of the principal difficulties which prevents them from being carried out, is the difficulty of finding the necessary finances at the present time. Messrs. Armstrong, Whitworth & Company, owing to their reputation as a great engineering firm and their close association with strong financial groups, who have financed other undertakings with them, are in a position to obtain the necessary capital for this undertaking.

It will be necessary to issue bonds to the value of \$3,000,000 at the start, but to have an authorized issue of \$4,000,000, the balance of which could be used if and when required. During the construction period, that is, until the mill is in operation, the interest and sinking fund will be charged against the cost of construction, and paid out of the money raised by the issue of the bonds. The money markets, in which such undertakings have to be financed, are subject to the same laws of supply and demand as any other business. The financiers, who undertake such an issue, must be reasonably certain that it is such that the investing public will, within a reasonable time, take a large part of the bond issue off their hands. At the present time the amount of money available for investment is greatly reduced, owing to the general depression in trade, heavy taxation and the competition of Government borrowing. There are also two other kinds

of competition which seriously affect such an issue; these are, the debenture issues of old firms and colonial issues. Taking them in order: Many old firms, requiring increased working capital, are in a position to show their balance sheets and a record of earnings over a period of many years, to their investors, which is a very good indication of their earning power. Secondly the colonial and other Governments all require more money for developments which have been deferred during the War and many of them have, recently, and are now, coming out with large issues. A new company, however attractive and sound it may be, is not in the position of an old established going concern or a Government. Under these circumstances the financiers stand definitely that it would be absolutely impossible for the money to be obtained at present, unless the Government of Newfoundland, out of a desire to see the natural resources of the country developed and employment found for its people, were willing to undertake to guarantee the interest and sinking fund on these bonds, so as to place them in the same class as the other gilt-edged issues being offered to the public. The net profits of the paper mills alone are calculated at \$25.00 per ton on an output of 120,000 tons per annum, or a gross profit of \$3,000,000 per annum. The fixed charges, interest and sinking fund, at 6% and 1% respectively come to \$1,350,000, provided that the full \$4,000,000 be issued (taking the pound at \$4.50), so that the earnings, conservatively estimated, more than twice cover the fixed charges. Further, to safeguard the Government, a special reserve fund of \$250,000 per annum will be set aside, until the whole amounts to \$1,500,000, and this will be put in the hands of trustees for the Government, and be available to meet any deficit caused by strikes or unfavourable operating conditions, before the Government would be called upon to pay anything.

**Cheaper Newsprint.** At present the selling price of paper, as set by the Newsprint Manufacturers Association, is \$75.00 per ton; but in calculating profits this has been reduced to \$65.00, so as to be on the safe side. It is impossible for paper to fall below a selling price of \$65.00 per ton, because the actual manufacturing costs in many of the mills in the United States (the largest consumers of paper in the world) are as high and higher than this figure, owing to the high cost of getting the wood, long drive, cost of power, etc., and should the price ever fall so low, these mills would have to cease operations, and reduction of output would, of necessity, force up the price again.

In order to pay the fixed charges and make it certain that the Government will not have to pay anything under the guarantee, it is only necessary for the mills to sell paper at a profit of just over \$11.00 per ton, or \$51.00 per ton, and it is quite impossible for paper to fall to this price, unless the cost of living and materials both fall, in which case the cost of production would fall also. There is, therefore, no likelihood of the Government of Newfoundland ever being called upon for any payments under the guarantee.

**Labor Will Benefit.** The construction work will mean the spending of \$7,000,000 in Newfoundland on labor and local material in two years. At least 50% of the cost of production of a ton of paper is paid in labor. \$20.00 per ton, on a production of 120,000 tons, would be \$2,500,000 paid annually in labor. Added to this will be the earnings of the people, in and around the town, who will not be in the direct pay of the Paper Company. The Paper Town will be situated at the head of Deer Lake, surrounded by the largest area of the best agricultural land in Newfoundland, which eventually

should be producing meat and vegetables enough to supply the town demand. These three items combined will make the labor figure paid, directly and indirectly by this project, not less than \$2,000,000 annually.

**Dividends From Earnings Only.** The Shareholders of the Products Corporation and Mines and Forests (Newfoundland) Limited are putting in, without payment, their lands and water powers, which will be mortgaged to secure payment of the bonds; and the interest and sinking fund are a first charge on the profits of the business; so that the shareholders can get nothing for their properties except from the earnings of the Company, and not from the interest and sinking fund have been paid and the special reserve fund provided as mentioned above. As regards the undertakings, it was decided that the existing company, known as the Newfoundland Products Corporation should be enlarged and altered to meet the requirements, and under the new name of the Newfoundland Electric Power and Products Corporation, Limited, should be the Company to put this through. As Messrs. Armstrong, Whitworth & Company are to co-operate in the technical questions of the management, it was arranged that they should be represented by a Director on the Board, as will also the financiers.

**Other Industries Contemplated.** With a surplus of cheap power to dispose of, other electro-chemical industries will grow up around this centre, as in the case of Niagara and Shawinigan, and Deer Lake should become quite an important industrial centre, and the whole of Newfoundland would benefit either directly or indirectly by such a development. The paper industry is one of the great sound industries, and one which is growing in importance each year, and the value of water power is steadily increasing. A water power development is like a perpetual coal mine, and is as nearly a permanent asset as it is possible to create. In any commercial project there is inevitably an element of risk, but the very low cost of developing the power, and the favourable situation of the paper mill in the centre of a heavily timbered area, and the geographical position of Newfoundland makes the risk in this case an absolute minimum. The fact that the shareholders will derive no profit from the undertaking, until all the fixed charges covered by the guarantee have been met, is the strongest incentive to an efficient and careful administration, which is all that is needed to make the industry a success.

**The Week's Calendar.** JANUARY—1st Month—31 Days. 9.—MONDAY. Plow Monday. Funeral of Admiral Lord Nelson, 1805. Napoleon III. died, 1873. Victor Emmanuel of Italy, died, 1878. Evacuation of Gallipoli, 1916. 10.—TUESDAY. Island Penny Post inaugurated in England, 1840. Great War officially terminated, 1920. 11.—WEDNESDAY. Address a n d Chronometer presented Captain Richard Meagher of the mail packet Unicorn on the occasion of his departure from St. John's for Greenock, 1848. 12.—THURSDAY. Harbor Grace Gas Works burnt, 1860. Capt. J. C. Taylor of the brig, Keenel (John Munn & Co. H. Grace), presented with binoculars by Danish Government for rescuing Danish seamen in mid-ocean, 1894. 13.—FRIDAY. Full moon. St. Hilary. Prince Arthur of Connaught born, 1883. C.I.V.'s sailed for South Africa, 1900. 14.—SATURDAY. Prince Albert Victor, brother of King George V, died 1892. Jamaica earthquake, 1907. 15.—SUNDAY. 2nd after Epiphany. British Museum opened, 1753. Sir John Moore killed at Corunna, 1809.

**Household Notes.** Add a cupful of cottage cheese to an apple custard mixture. Bake in an uncovered crust. When making peach short-cake butter the biscuit dough well before spreading with the fruit. One-half teaspoonful vinegar added to the cold water when mixing pie-crust will make it flaky. Never pour boiling water over fish in kettle as it breaks the skin; lower the fish into the water. Doughnuts and crullers are very indigestible and should be eaten only by people who are exercising. Cream-cake shells are delicious filled with vanilla ice cream and served with thin chocolate sauce. To destroy a "scorched" taste in any vegetable or meat you are cooking, drop in a small piece of charcoal. An old coffee or cocoa tin makes a good flour or sugar dredger if a few holes are bored in the bottom of the tin. Over a pint of potato salad, pour one pint of hot bouillon in which one tablespoon of gelatine has been dissolved. Chill. **Shard's Liniment For Garget in Cows**

## FIRE DESTROYS L. S. P. U. HALL.

### Another Early Morning Conflagration--Neighbouring Houses in Great Danger.

The L.S.P.U. Hall on Victoria Street was completely destroyed by fire this morning. The splendid work of the firemen saved the houses in close proximity to the blazing hall. The building is insured. This is the second disastrous fire to occur in the early morning, within the past four days.

#### DISCOVERED BY WATCHMAN.

The fire was discovered by night watchman E. Skiffington at 3 a.m. He was making his usual rounds and upon finding the place ablaze, he immediately sent in an alarm. The Central and Western Fire Companies quickly responded, but upon their arrival the hall was a mass of flames and it was evident that the structure was doomed. Several streams of water were soon applied to the blaze but the efforts of the firemen were chiefly confined to saving the houses in the danger zone. These included the residences of Capt. Joy, Messrs. Freeman and Bragg on Victoria Street and Dr. T. Anderson, Mrs. G. A. Pippy and Mr. J. A. Paddon on Duckworth Street. Bowden's printing office which lies just below the hall was also in danger from the flames. Buildings some little distance away from the burning hall were threatened by flying embers which were falling constantly from the burning building.

#### FIGHTING THE FLAMES.

The firemen performed yeoman service under the supervision of Inspector General Hutchings and the various fire captains. The work of controlling the fire and preventing it from spreading could be best done from the roofs of the neighbouring houses and on these the fire fighters climbed. From these points of vantage, several streams of water were applied to the flames. Their efforts to put the blaze under control met with little success at first. The hall was old and the woodwork being well seasoned, blazed merrily for a time. The scene presented was a most spectacular one. Huge tongues of flames, extending to a great height, made a lurid reflection in the sky, and caused the immediate vicinity to become as bright as day; while sparks and burning wood flew everywhere, to the danger of fire fighters and spectators. Windows in nearby houses cracked from the excessive heat, and water penetrated other buildings doing some slight damage.

#### ROOM COLLAPSES.

The firemen worked hard, careless of the danger which threatened them. It was not long before the roof, a blazing mass, fell in and the floors also gave way. Shortly after 4 a.m. the southern wall fell, dropping below into the backyards of Dr. Anderson's house and Bowden's printing office, tearing with it, a gable of Dr. Anderson's house, breaking several windows and doors, and doing other damage. The firemen were now called upon to make superhuman efforts to prevent the flames from spreading and despite the difficulty of their work, they were finally successful. About two hours after the first alarm had been rung in, the fire was placed under control. All through the morning, however, the firemen were compelled to remain on the scene, keeping streams of water directed on the dying flames.

#### STILL SMOULDERING.

The ruins were still smouldering at 9 o'clock, and a few minutes later, flames were again seen to shoot up from the tower. A stream of water was immediately turned on these and they were soon extinguished. The presence of some of the firemen was required until after noon.

The hall was built after the fire of 1892, and was used for some time by the Sons of Temperance. It was later purchased by the late Campbell Macpherson and subsequently became the property of the L.S.P.U. whose meeting hall it was. A large quantity of crockeryware, the property of the Royal Stores Ltd., was stored in the basement and suffered considerable damage.

## Judgment for Plaintiff.

### BURNSTEIN CHEQUE CASE.

Saturday evening Mr. Justice Mather delivered judgment in the matter of J. Burnstein vs. The Canadian Bank of Commerce. The case was a lengthy one and occupied many sittings of the court. Judgment was given for the plaintiff and in substance is: That the defendant was not authorized to debit against the plaintiff the sum sued for viz. \$140, paid by the Bank on Christmas Eve, 1920 on a cheque for that amount, filled in by the plaintiff, and that the plaintiff repudiated the cheque, as soon as it was handed to him by the Bank. The paper bore no date, but 1920, and the two cent stamp was defaced by the Bank. The cheque also had no endorsement. Mrs. Burnstein swore that the J. Burnstein was not written by her husband. Five bank officials agreed, however, in thinking that the signature was the same as that on 34 other cheques placed in evidence, which plaintiff admitted. Two girl clerks of plaintiff's also thought the signature was plaintiff's, but no witness could recognize the filling in. The Bank could not identify the person to whom it paid the money. Burnstein declared that he did not owe such a sum to any person, and therefore signed no such cheque. In the matter of expenses, the judgment was that each party should pay their own costs in the case. Mr. J. J. McGrath for the plaintiff; Mr. H. Knight for defendant.

#### AT THE BALSAM.

The following are guests at Balsam Place.—Capt. G. Hicks, Grand Falls; Mr. C. Madock, Miss Lulu Williams, Carbonear; Mr. J. M. Hearn, Colliers.

#### TRAIN SCHEDULE ALTERED.

After to-day there will be only one train the 8.45 a.m. running daily on the Carbonear branch, except Saturdays when the six o'clock evening train will leave St. John's.

#### Just Folks.

**UNCHANGEABLE MOTHER.** Mothers never change, I guess, in their tender thoughtfulness. Makes no difference that you grow up to forty years or so. Once you cough, you'll find that she sees you as you used to be. An' she wants to tell to you. All the things that you must do. Just show symptoms of a cold. She'll forget that you've grown old. Though there's silver in your hair, still you need a mother's care. An' she'll ask you things like these: "You still wearing b. v. d. s? Summer days have long since gone. You should have your flannels on."

Grown and married an' maybe Father of a family. But to mother you are still Just her boy when you were ill. Just the lad that used to need Plasters made of mustard seed, An' she thinks she has to see That you get your flannelled tea.

Mother's never change, I guess, in their tender thoughtfulness. All her gentle long life through She is bent on nursing you; An' although you may be grown, She still claims you for her own, An' to her you'll always be Just a youngster at her knee.

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