

RUSSIAN FORCES SCORE NEW SUCCESS

SOLUTION OF THE RAILWAY SITUATION MAY INVOLVE NATIONALIZING ALL LINES

Sir Thomas White, Dealing with Proposed Aid to C. N. R. and G. T. P., in Practical and Businesslike Statement Shows that Government's Action is the Only One of Three Alternatives Feasible at Present and Points Out that Time Has Come to Arrange for a Permanent Solution of Whole Railway Situation.

Special to The Standard.
Ottawa, May 8.—Strong intimations that the government as a result of its investigation into the Canadian Railway problem may nationalize not only the Canadian Northern and the Grand Trunk Pacific, but the C. P. R. as well, were made by Sir Thomas White, finance minister, in introducing the government railway proposals today. "It is possible and even probable," said Sir Thomas speaking deliberately from manuscripts on his desk, "that the permanent solution of this great question may involve the Dominion taking over one or more of the existing systems, and there may be involved the larger issue of nationalization of all the railways of Canada." That other of the cabinet ministers beside Sir Thomas White have this solution in mind is shown by a hint given by Hon. Dr. Reid speaking last night during the course of the discussion of the railway estimates. Transportation problems were being debated when he remarked that this solution of the railway problem which would be placed before parliament next session would likely mean taking over one or both or "probably all of them."

A Businesslike Statement.

Sir Thomas White made a plain, practical businesslike statement in presenting the government's proposal to parliament. He gave a brief statement of the financial position of the C. N. R. and the G. T. P., and the obligations of the Dominion and provinces. No one who listened to him was impressed with the serious and stupendous problem which has been facing the government in these two Laurier legacies. The financial statement given by Sir Thomas showed that neither of the railways could continue this year without government assistance for some time. This was the practical situation faced by the government, and they had to find some solution.

Sir Thomas pointed out that there were three alternatives, the first was liquidation which was dangerous to the credit of Canada at the present crisis. The second was nationalization which was an all-round improvement at present on top of the financing of the war, and the third alternative was temporary aid pending a thorough investigation to provide for permanent solution. The Government had decided on the latter. Explaining the third alternative and the one which they presented to parliament Sir Thomas said that it afforded the minimum of temporary assistance which would enable these two systems to continue in operation pending an investigation which they proposed to carry out by the best experts available into the physical, economic and financial condition of the railway situation as it existed in Canada today.

"It is perfectly clear," he said, "that it is not possible nor in the national interest that we should go on as has been the case for many years past, under this and the preceding government in making loans or giving guarantees at short intervals for the purposes of assisting these two large enterprises. A continuing condition such as this would be intolerable and the time has arrived when the government must take a permanent policy. It is necessary that a permanent solution should be found for the existing railway situation. No doubt that situation has been aggravated by the war, but it is none the less necessary that some permanent policy should be adopted. We cannot adopt a permanent policy until we know all the facts and have been advised by those most capable of giving advice as to what is really

on operating account for maintenance and for exceptional repairs during the coming year. The G. T. P. and the C. N. R. railway were in arrears in April last of interest on the government loan of \$25,000,000 to the amount of \$1,350,000. Under the agreement of 1903, the government would this year be called upon, without recourse, to pay the interest on the bonds of the mountain section, amounting to \$2,400,000 and the G. T. P. Company would be responsible for interest to the amount of \$4,000,000. In addition betterments, additions to rolling stock etc., would, it was estimated, involve an additional expenditure of four or five million dollars by the G. T. P. in a year.

Affairs of the C. N. R.

Turning to the Canadian Northern system, the finance minister said it had not made a profit for the year ended June 30, 1915, was \$6,000,000 and the estimated net earnings for the year ending June 30 next were \$8,000,000. The fixed charges on the system amounted to about \$18,000,000. By the Dominion legislation guaranteeing bonds of the Canadian Northern Ontario railway in 1913 and guaranteeing bonds of the Canadian Northern Railway system in 1914, the Dominion government might be called upon to pay the interest on their securities for three years and to add the amount so expended to the mortgage indebtedness of the company. That provision of the law would be invoked this year and the government would have to pay interest to the amount of \$4,500,000 while the fixed charges of the railway system would be reduced to about \$11,000,000. The funded debt of the C. N. R. amounted to \$325,000,000 of which the Dominion had guaranteed \$104,000,000 and various provinces \$107,000,000. The credit of the Dominion and the provinces was thus involved to the extent of \$211,000,000.

Sir Thomas said that there were three courses open to the Dominion. It might first of all withhold aid and permit the two railways to go into the hands of receivers. That would place the G. T. P. Company, which would be liable for its guarantee of bonds, in a very serious position. It would also have a serious effect upon the credit of the Dominion, which could borrow in London only for war expenses and had agreed not to appear in the United States market again before January 1 next; of the provinces and municipalities. In the case of the Canadian Northern a receivership would be a great blow to the public credit and standing of the Dominion abroad. The second would add exceedingly heavy burdens to the increasing financial burden of the war and would, he believed, seriously embarrass us in carrying out the financing of the war and the railways as well. The third course open to the government was the one adopted.

Time for Permanent Solution of Railway Situation.

Sir Thomas said that the government proposed to make an investigation of the physical, economic and financial conditions of the railways as they existed today. It was perfectly clear that the Dominion could not go on making loans and giving guarantees of bonds at short intervals for the purpose of assisting the Canadian Northern and G. T. P. The burden would become intolerable and the time would come for finding a permanent solution for the railway situation. It would be impossible to adopt a permanent policy until the government knew what, if any, rearrangement, redistribution or linking up of existing lines might be necessary. "It is possible, even probable," continued the Finance Minister, "that the solution may involve the government taking over one or more of the existing systems, or it may involve the larger policy of nationalization of all the railways of Canada."

"The present measure of aid is designed as a temporary expedient to settle the whole question can be studied," Sir Thomas announced that the government would appoint three directors on the board of each railway who would keep it informed of the conditions of the lines from time to time and would also provide for a continuous audit of revenues. These safeguards were necessary since the government was taking only junior securities for its proposed loans. Hon. George P. Graham remarked that every session the House had heard that legislation was provided in time that would happen if the roads were not assisted. The House was not sure on what grounds aid was needed and should not forget that if it did not give assistance to the G. T. P. the Grand Trunk Pacific Company might have to go. Mr. Graham pointed out that 75 per cent. of the railways in the United States had been in liquidation at one time or another. He had heard that legislation was provided in British Columbia to relieve the government of the province of its obligations to the Canadian Northern. If Canada was to be called upon to assume the liabilities of the provinces too, it might as well take the road at once. There were three alternatives, liquidation, nationalization or pro-portionation, said the South Renfrew member. It was a question whether the country should temporize. Would it be a bad thing to assume liabilities of these roads in view of the fact that the Dominion was already liable to a large extent with nothing to show for it? Mr. Graham said that ever since the government's publication of the Stant-Guelin report the G. T. P. had been

unable to obtain money. The G. T. P. Company would never make a success of lines in Canada, anyway, while it tried to operate them at long range in England. While the G. T. P. was considering what it was going to do in London the Canadian Pacific stopped in and did it. The government should tell the railway to transfer its headquarters to this country.

The late President Hays had had large powers but on his death these had been divided and financial questions were now handled in London.

Mr. Graham hoped the three directors the government would appoint on each railway would be more active than the one representative it had on the G. T. P. now. Sir Robert Borden assented to this and then went on to state that he did not think the Stant-Guelin report was as serious as it was. The Stant-Guelin report which had caused the difficulty with financing the G. T. P. The Prime Minister continued. He thought the Conservatives had objected to the report in order to save the project, a situation for which the Liberal party was responsible. He pointed out, however, that \$12,000,000 had been paid out of the capital of the road in interest in order to save the project, a situation for which the Liberal party was responsible.

Mr. E. M. MacDonald wanted to know how the amount of fifteen million dollars would be carried forward after the horse was stolen and MacKenzie and Mann had for two years had control of the finances of the C. N. R. Hon. Wm. Pugsley again complained of the railway aid being brought down in the estimates. He asked whether the country was going to carry over that bankrupt concern, the Canadian Northern, advance the fifteen million more and carry it forward to the day of prosperity when it would be obliged to give them whatever they asked to acquire the system. I have no desire to shirk responsibility for the Canadian Northern or Grand Trunk Pacific, said Mr. Pugsley. "I am proud of what we did," (Conservative laughter). The Liberal party must take entire responsibility for the G. T. P., and he was proud of bringing the party which had such responsibility. He would be sorry if parliament refused necessary aid but thought that in the case of the C. N. R. some of the branches which were not government guaranteed might be allowed to be taken over by the private company where there was a public obligation retained.

Hon. R. Lemieux did not believe the two roads were bankrupt and hoped they might be given necessary aid subject to parliament being informed as to its desirability. According to recent news from the Russian expedition aiming at Baghdad, the Russians, after being held for some time, have again scored a success against the Turks south of Baghdad. The Russian army is still virtually intact, since it wisely chose, in most cases, to retire without fighting, rather than risk being surrounded and cut off.

LABOR MEN IN HALIFAX STRONGLY OPPOSED TO DAYLIGHT SAVING SCHEME

Halifax, May 8.—The labor men of Halifax are strongly opposed to the daylight saving time. Today a largely signed petition was presented to the board of council against the scheme and the president of the "Longshoremen's Union," representing 1,200 men, also appeared before the board, and asked that steps be taken to have the old time restored.

PERSONAL.

Dr. M. McGarry, Marguerite, G. B. accompanied by his wife passed through the city last night en route to their home in Cape Breton.

Has Reached England. A cablegram received yesterday by George Maxwell, 183 Paradise Row, announced the safe arrival of his daughter, Miss Marion Maxwell, in London, England.

DIED.

McDONNELL.—At his residence, 41 Harrison street, Sunday, May 7, John McDonnell, leaving two sons and four daughters to mourn.

Funeral Tuesday morning at 8.45 to St. Peter's church. INCH.—In this city, on 7th inst., after a lingering illness, Martha C. widow of Robert S. Inch, leaving two sons and one daughter to mourn. (Brooklyn papers please copy).

Funeral on Wednesday, at 2.30 o'clock, from residence of her son-in-law, J. Herbert Crockett, 58 High street.

(Continued from page 1). Brown, the war office inspector, that the company was "silly" to have guaranteed delivery in the time it did. The company had secured advances of \$1,700,000, but had put in \$2,300,000 of its own money before it got any remittance from the British government. The advance was less than the company made to its sub-contractors.

On the anniversary of the contract for the building of the International Arms & Fuse Co. will be the biggest war making concern in the world," Patterson asserted.

"Not a penny," was his reply to a question as to whether any commission had been paid to secure the contract.

Mr. Johnston's cross-examination had not proceeded far at adjournment.

At the opening of the sitting Mr. I. P. Hellmuth, K. C., the government counsel, read a letter stating that Lloyd Harris, of the Russell Motor Car Company, of Toronto, would have to leave for England on Thursday on business with the war office. In view of this it was decided to ask Mr. Harris to be present to give evidence before the commission tomorrow.

DECISIVE STAGE OF CAMPAIGN IN ASIA MINOR?

Weather Now Favorable for Descent of Russian Caucasus Army Into Valleys.

COSSACKS HAVING THEIR INNINGS NOW.

Both Flanks of Turkish Army in Mesopotamia Bent Back by Severity of Russian Assaults.

Petrograd, May 8, via London.—With the melting snows no longer delaying the descent of the Russian Caucasus armies from the high Armenian plateau into the valleys of Asia Minor, where the Turks, having gathered all available reinforcements, are ready at last to make a determined stand, the campaign in Asia Minor has reached a most interesting and possibly a decisive stage.

The descent of the Russians westward toward Erzerum has thus far proved the most difficult of all the Russian lines of advance. Here the last few days, the winter snows still held, and this, added to other hazards accompanying the descent from a table land averaging a mile above sea level, has made satisfactory progress impossible. To the southwest in Mesopotamia, however, owing to the fact that the season is advanced here, the descent has been easier, and the Turks south of Bagdad are being driven from a series of fortified positions, hotly pursued by Cossacks, who have proved themselves masters of this sort of warfare.

Thus both the Turkish flanks—that is, the ones along the Black Sea and that south of Bagdad—have been bent back by the severity of the Russian assaults, while the Ottoman centre before Bagdad remains slightly advanced for the reasons just stated. If the Russians succeed in their present effort, directed against this extended Turkish centre, Erzerum and Bagdad will soon fall into Russian hands, and the way will be open to Stivas.

It must be borne in mind, however, that despite the series of Turkish defeats, the main Turkish army is still virtually intact, since it wisely chose, in most cases, to retire without fighting, rather than risk being surrounded and cut off.

ANOTHER OF KYTE'S CHARGES FALLS FLAT

(Continued from page 1).

Brown, the war office inspector, that the company was "silly" to have guaranteed delivery in the time it did. The company had secured advances of \$1,700,000, but had put in \$2,300,000 of its own money before it got any remittance from the British government. The advance was less than the company made to its sub-contractors.

On the anniversary of the contract for the building of the International Arms & Fuse Co. will be the biggest war making concern in the world," Patterson asserted.

"Not a penny," was his reply to a question as to whether any commission had been paid to secure the contract.

Mr. Johnston's cross-examination had not proceeded far at adjournment.

At the opening of the sitting Mr. I. P. Hellmuth, K. C., the government counsel, read a letter stating that Lloyd Harris, of the Russell Motor Car Company, of Toronto, would have to leave for England on Thursday on business with the war office. In view of this it was decided to ask Mr. Harris to be present to give evidence before the commission tomorrow.

In beginning his evidence R. L. Patterson gave his business history. He was manager of the Department of Machinery for the American Tobacco Company for sixteen years, and a vice president of American Machine and Foundry Company, a supply source for the Tobacco Company. He related refusal he had met with getting his business associates to join in the manufacture of fuses after being himself interested by Dr. Harris.

"I told Dr. Harris," said Patterson, "that rather than disappoint him I would go it alone, although I thought more money would be required than we should have available." Subsequently the lawyer of the American Machine and Foundry Company, "a man of means"—with several millions—took an interest as a stockholder in the International Arms and Fuse Company.

Patterson then detailed the securing of the order and the placing of the proposition before the shell committee at Montreal to make five million fuses. It seemed to him the general state of the committee was to get fuses as quickly as possible. The price \$4.50 was mentioned, but although the committee desired to have this reduced his company's experts advised against it. No order was given at that time. The company then had made preliminary arrangements to start work, had secured options on machinery and prices for loading. The company's experts at that time were Mr. Samuel Cushing, who had made the American fuse, and Captain Tawney.

Patterson said he had endeavored to get the British powder required by the war office in Canada, but could not secure it. It was then found the Dupont Company, which had been negotiating with could not undertake loading of fuses. His company had become panic-stricken then, and hoped the shell committee would not accept the order until it could look around further.

The Origin of International Arms and Fuse Company.

However, before June 1st, the shell committee wrote Dr. Harris commissioning itself to an order of 2,500,000 fuses at \$4.25. The first attitude of his company was to refuse, and Col. Birnie, an American ordnance expert, advised against a reduction from \$4.50. The options on machinery were expiring, and witnesses made a trip to Ottawa on June 1st. Finally, on June 15th, Patterson said he had grown impatient when the shell committee insisted on the \$4.25, and suggested forming an American company, which eventually in the International Arms and Fuse Company. He had been discouraged at negotiations with Canadian firms as to loading, and experts were difficult to secure.

Mr. Hellmuth, "Mr. Lyon Brown, the war office expert, was not very flattering to your company as to its foresight in guaranteeing deliveries so soon."

"I think he was absolutely correct," Patterson replied. "Why did you undertake to do it then, when you are of the same opinion as Brown?"

"Well, Brown knew his business. I did not. Col. Birnie had advised us to take eight or ten months. I thought he was ultra-conservative and a pessimist. Now I see he was an optimist."

After failure to secure loading facilities, the company had erected a plant at Bloomfield, N. J., on a 35 acre plot of three large buildings, containing 24,000 square feet of floor space. Work had been held up several weeks by the council of the place objecting because there was going to be powder in the buildings. Witnesses declined to give the names of the sub-contractors who made the component parts, because of conditions in the United States. He explained that every one of the employees of his firm had their past history investigated by the company's secret service, and armed guards patrolled the plant day and night because of fear of cranks.

"My own company has been tied up by strikes in the past fortnight," witnesses explained, as a further reason for the necessity of secrecy.

Patterson said that of the money advanced, about \$100,000 was retained by the Guaranty Trust Company by arrangement, and about \$800,000 advanced to the sub-contractors and the contractors for the buildings at Bloomfield, N. J. Inclusive of advances, about four millions had been spent. The \$2,300,000 came from Dr. Harris, the "wealthy lawyer," and himself.

No Commission, No Influence to Get Contracts.

"What commission or remuneration did you pay, or was paid out, for the

purpose of securing the contract?" Mr. Hellmuth asked.

"Not one penny was paid and no influence was used," Patterson replied. To his own counsel M. A. W. Atwater, K. C., Patterson stated that the present time deliveries were being made at the daily rate of \$15,000 and before the end of the month \$9,000 was aimed at.

Patterson also stated that other fuse companies had received higher advances than his firm. To Mr. Atwater he stated it was to advantage to receive 90 per cent. of the parts, as the whole was needed to keep up delivery. The time fuse rings cause the greater delay. Strikes in factories of the sub-contractors were other factors of delay over which the company had no control.

To Mr. E. F. B. Johnston, K. C., Liberal counsel, he admitted that his company was incorporated on June 11, 1915, and had started business on \$2,000 cash up capital. He had had no previous experience with fuses prior to meeting Dr. Harris. He stated it had first been the intention to manufacture in Canada. There were only two companies in the United States ready to load fuses when the order was received, and he was not one of them. Mr. Johnston will continue his cross-examination tomorrow.

SENT ADRIFT AFTER VESSEL WAS TORPEDOED

On the Finland, which arrived in New York last week from Liverpool, eight men, composing the crew of the British steamer industry, of the Gulf Transport Line, which was torpedoed by a German submarine on the morning of April 27. The industry, according to Capt. McKeggs, was 150 miles west by south of Fastnet when she was picked up by the submarine. The vessel was torpedoed at six o'clock in the morning, and its crew was adrift in three small boats until 3.30 that night, when they were picked up by the Finland.

Capt. McKeggs said today that the weather was very hazy at the time, and that he came upon the submarine unexpectedly. The submarine immediately fired three shots across the bow of the industry, and as the vessel was unarmed Capt. McKeggs said there was nothing for him to do but to surrender.

"We were given ten minutes to get off the vessel, and did not even have time to save the ship's papers," he said. "We put off in three small boats and rowed alongside the submarine. The officer spoke very good English, and asked the names of our ship and where she hailed from. He did not offer us any assistance to reach land."

Fired Torpedo and Twenty Shells. "The submarine then withdrew to a distance of about one-eight of a mile and submerged. From that position a torpedo was fired into the industry, but the vessel did not sink. The submarine then came to the surface and fired twenty shots into the vessel before it sank. Then the submarine, which displayed no name nor number, sailed off."

Capt. McKeggs said that as the vessel was in the small boats, and they headed for the nearest land, about 120 miles away. After they had gone about fifty miles the Finland came into sight about nine o'clock that night, after the men had spent fifteen hours in the small boats. By burning red torches they managed to attract the attention of the liner, and were picked up about half an hour later.

"I cannot speak too highly of the care and attention which we have received on board the Finland," said Capt. McKeggs.

The industry, which was built in Belfast in 1888, was a vessel of 4,000 tons and was 160 feet long. She was on her way from Belfast, England, to Newport News, Va., in ballast, to await orders. Capt. McKeggs has been captain of the industry for seven years. He and the crew will report to the British Consul-general here for assistance.

Cheer Your Boys at the Front

Our National Leaders state that the best way to help YOUR fighting friends at the front bear the strain of YOUR burden is by the practical helpfulness of the Major Birks National Military Service Fund of the Y. M. C. A. \$250,000 and more is needed at once.

Advise the Honorary Treasurer W. J. Ambrose, Manager of the Bank of Montreal, St. John, what you will do.

Patrons H. R. H. the Duke of Connaught and His Honor Lieut. Governor Wood.

Judge McKeggs, Dr. A. P. Barnhill, J. A. Tilton, F. A. Peters, J. G. Harrison, H. C. Mery, E. A. Goodwin, T. H. Edwards, H. A. Foster, H. C. Rankin, G. E. Barbour, C. A. Kimball, C. H. Peters, E. L. Reine, committee for St. John.

CASTORIA
For Infants and Children.
In Use For Over 30 Years
Always bears
the
Signature of *Dr. J. C. H. H. H.*

THE STANDARD "TRAVEL CLUB"
This coupon is good for one vote if presented at The Standard office before May 17. Place to the credit of
Name.....
Address.....

DODD'S KIDNEY PILLS
FOR KIDNEY DISEASE
AND ALL AFFECTIONS OF THE URINARY TRACT
225 THE PR

Great B
A

Announcement Made in C
mons by Financial Sec
tary of the Admiralty

ENGLAND HAS NEW
MASTER AEROPLANE

Is as Fast as a Fokker,
many's Newest Wor
and a Better Climber.

London, May 8 (3.25 p. m.)—England is building airplanes Zeppelin type was disclosed House of Commons today by James MacNamara, financial secretary of the Admiralty, in reply to the question of a member.

Mr. MacNamara said that it was the public interest to say how such aircraft Great Britain possesses.

By C. G. Grey, Editor of the "Pilot."

It is interesting to learn from Paris "Journal" of April 11 that a French aeroplane, fitted with a new design, has twice beaten world's records for speed and altitude for military machines in time.

To use an expressive American phrase, this "moving some" of the world's speed record, made by French monoplanes so far back in autumn of 1913, was perilously close to 150 miles per hour. These two machines were respectively a Deperdussin, a "Stratolite" flown by Marcel Prevost, and a Hanriot-Pop monoplane flown by Emile Vredin, the brother of the more famous Vredins, and also driven by a P. Gnome.

Both these machines in the G. Bennett race at Rheims covered miles in one hour over a close circuit of about six miles in circumference with some fairly sharp corners. The French machines must have well over 140 miles per hour. Prevost won the race simply because he was cleverer at cornering, but the P. Gnome was generally estimated to be a shade faster than the Deperdussin.

Not Speed Alone.

It is just as well to get these facts fairly firmly fixed in the mind, because people who are only just now beginning to take an interest in flying, to think that the Fokker monoplane, which did something between 100 and 120 m. p. h., are things which are "nothing to talk of." As a matter of fact, there were also British machines which did well 100 m. p. h. before the war, only did not happen to meet with the approval of the theoretical "experts" whose opinion before the war, as the Army have hitherto relied in the selection of aeroplanes. Mere speed, however, is not the sole requirement in a fighting aeroplane, so that would like to know something of the climbing power of these French machines before going on to discuss the Fokker.

The Fokker machine is not astonishingly fast for its power, for, as one British aeroplane has been described, "it is a considerable loss of speed to climb." The real point of the Fokker that it climbs so rapidly that it overtakes and attack machines happen to be above it, and can by reaching a considerable height at such victims as may be above and thus reach a speed which it can attain by engine power alone. The French monoplanes which have mentioned turned all their sine power into lifting power, consequently they could not climb fast, nor they climb to any considerable height, and especially was it impossible for them to land slowly. In fact, landing them was quite one of the sights of the Rheims meeting, for one saw these terrible machines hurtling along at 100 m. p. h. close to the ground, the pilots endeavoring to get them down to their lowest flying speed. Then the wheels would touch, and the machine would vanish in a cloud of dust, from which it would finally emerge about a mile further on.

Power in Pursuit.

Naturally speed is a very important factor in any fighting machine, without a fair turn of speed it is impossible to catch a fast enemy plane, but speed without climbing power and without the ability to slowly is quite a useless attribute. Even the Fokker has a very distinct limit to its climb, for a month or French pilots—one of them Henri met, the well-known exhibition at Hendon, and the other Prevost, cousin of the Deperdussin racing plane, made a raid on Metz, each mounting one of the big twin-engined Caudron biplanes which have been frequently illustrated recently in various French and British papers.

The machines were well laden with bombs, but despite their load they up to such a height that the Fokker, although at least 30 m. p. h. faster than the Caudrons, were simply unable