

RAILWAY EQUIPMENT AHEAD OF OUR NEEDS

In Certain Sections of Canada These are a Luxury not a Necessity

MANY MEN UNEMPLOYED

Many Industrial Plants, Built to Meet the Demands of a Boom Period, Are Hard Pressed to Make Ends Meet.

(Number Five in a Short Series of Articles on the Economic Aspects of the War. By Professor W. W. Swanson.)

Turning from the consideration of agriculture and immigration, the flourishing state of which means much for Canada's prosperity, let us analyze the industrial situation as it exists to-day.

As has been pointed out so often this country is now turning from construction to production. Forced rapidly along the new path by the great world-drama of war. We have already noted the fact that along certain lines we have built ahead of our needs. Our great railway equipment is, in large part, a luxury and not a necessity, at least in certain sections of the country.

It is more than doubtful whether the National Transcontinental will pay interest on the capital expended and the costs of operation and upkeep, for years to come. In the light of late knowledge it is safe to say that the country would have been better advised to have developed the Intercolonial, and to have linked it up with the West, rather than to have built a line to compete with it. Canada is not yet in a position to make use of four transcontinental roads. The country all along the north shore of Lake Superior yields no traffic, while the operating expenses are heavy; and it will be a decade at least before Northern Ontario and Quebec can produce any local traffic worth while. In the meanwhile the position of the C. N. R. is a serious one. Last session that Dominion Government guaranteed its bonds for an additional \$45,000,000; and these securities, in the present state of the market cannot be sold save at a heavy discount. We are, therefore, not surprised that Mackenzie and Mann are again approaching the Government for financial aid. At present the people of Canada own 40 per cent. of the common stock of this concern. If they must find additional capital to finance the road—and at present there appears to be no other way out—then the country should demand a controlling voice in the affairs of the company. The Dominion and the provinces are too deeply involved to permit of the road being used for private ends any longer.

Construction Work Declines

Many thousands of men employed on railroad construction during the past few years are out of employment, and are either idle in the cities or have left the country. The practical cessation of railway building has had its effects upon railway supply companies of all kinds, resulting in the virtual closing down of large establishments. The decline in railway receipts—both passenger and freight—has placed the trunk roads in a serious position. Not only has the demand for railway equipment and rolling stock fallen off, but the roads are considering a cut in wages.

Building in our large cities—especially in Vancouver, Calgary, Montreal and Toronto—has come practically to a standstill. It is impossible to get the capital to carry on the work; and in too many cases these cities have built beyond immediate needs. Especially is this true in the West. As a result the situation has been aggravated by the lack of employment in the building trades.

War Orders

Mr. Fred Field, editor of the "Monetary Times," estimates that the war orders placed last year in Canada by the Canadian, Imperial, French and Russian Governments amounted to \$50,000,000. Practically all this money—with the exception of that which went for horses—was spent on the products of Canadian factories. Other millions will be spent this year, all of which will help our industries to bridge the gap between present conditions and the period of reorganization. But, after all, these war expenditures are but a temporary aid, and new markets must be found before permanent and substantial conditions are attained.

The great steel industries are already looking for new markets, and are manufacturing new products. While there will be little railroad construction, as has been said, for the next few years, yet there should be a normal demand for steel for replacement purposes alone of from 400,000 to 500,000 tons a year. Mr. J. H. Plummer, president of the Dominion Steel Corporation, states it is his opinion that the present tariff is building up secondary steel industries in Canada for the manufacture of such articles as iron and rails, which are depending to too great an extent upon pig iron and steel in an unfinished stage imported from abroad. The present steel plants cannot cope with the demand for iron and steel; but Mr. Plummer is of the opinion that the tariff on pig iron and steel, used as raw materials, is much too low; and that an opportunity should be given to our steel industries to enlarge their plants to take care of the orders for raw materials for this secondary industry. At present our wire and nail manufacturers are dependent on foreign producers for their raw materials. Whether this condition should last, or whether we should attempt to supply all our own pig iron and semi-manufactured steel is a question

PROPOSAL TO CONSOLIDATE ALL LONDON ELECTRICAL CORPORATION

London, England, February 2.—Promoters of the scheme for a consolidation of all the private electric light companies of London under one corporation have deposited a bill for introduction at the next session of Parliament for the incorporation of the new company.

It is stated that present conditions existing in the electric supply industry in London are unfavorable to the supply of electric energy under the best economic conditions as there are many small companies, each having the right to supply current to a small section of the city.

As electric current can be generated and distributed much more economically from one combined undertaking than by a number of small stations, these stations should be consolidated.

The bill proposes to incorporate a company with a capital of \$30,000,000 and borrowing power of \$10,000,000 for the purpose of consolidating, unifying and improving the generation and distributing of electricity in the city.

Eleven companies are named in the bill to be included in the new company, and others are expected to be added from time to time until finally all the electric corporations in London have been consolidated.

ROSS FOOD COMPANY IS IN PROCESS OF ORGANIZATION.

Batavia, N.Y., February 2.—The Ross Food Company, recently organized by Andrew Ross, former sales manager of the Kellogg Toasted Corn Flake Co., for the purpose of making a new wheat cereal, will locate here.

The company has purchased a complete brick building in that city, 40 by 200 feet in area, and three stories high, together with three acres of land and an office building, located directly on the line of the New York Central main line, and with connections with the Erie, Lehigh Valley and two of the central branches.

The company is at present occupying temporary offices in the Endicott Square building in Buffalo and completing plans for its machinery and organization. It is said to have been led to locate at Batavia, by reason of the available modern plant, and the fact that the town is in the midst of the New York State wheat belt and about midway between Rochester and Buffalo.

The plant will probably be turning out its product in April.

Mr. Ross has not yet announced his organization personnel.

into the merits of which we cannot enter here.

Banking and Dominion Finance.

Our chartered banks have, on the whole, justified the confidence the Canadian people have placed in them. From the point of view of earnings they have done surprisingly well during a hard year, the profits falling little below the level of 1913. On the other hand the banks have given support to all legitimate business, while refraining from opening up new accounts. Their business fell below the high level mark of 1912, when trade was booming and capital was coming into the country in large volume from Europe. When we consider that the banks of Brazil and the Argentine Republic were obliged to close their doors for a considerable period, and that depositors were permitted to withdraw only a small percentage of their funds each month it will be realized how wonderfully well the Canadian banks met the crisis. And it is not unfair to compare Canadian conditions with those obtaining in these South American republics. We are in the same stage of development; our resources are very similar to those of the Argentine. Those who are inclined to be pessimistic should take these facts into account. It may be fairly said that Canada has weathered the financial storm better than any other similarly situated country in the world. It is not just to compare our financial and industrial conditions with the old and wealthy countries, or even with the United States. And yet, when such is done the balance of credit is not entirely against us.

In this connection a word may be said concerning Dominion note issues. At the last session of the Dominion Parliament the Minister of Finance was given the power to advance Dominion notes, up to any necessary amount, to the banks in exchange for approved securities. Aside from that, against all notes issued above \$50,000,000 dollar for dollar in gold was required. The issue against which 25 per cent. in gold must be held was raised from \$30,000,000 to \$50,000,000. We find from the last bank statement that the banks owe the government about \$17,000,000, a good part of which must be on account of Dominion revenue collections. Now, on the other hand, out of a total issue of \$160,000,000 there are some \$34,000,000 outstanding quite uncovered and in excess of the uncovered part of the \$50,000,000 issue. As the banks have not been borrowing from the government against securities the only conclusion to which we can come is that the Minister of Finance has exceeded the legal measures passed last session. He has promised an explanation of this when Parliament meets; in the meantime all supporters of sound credit will array their forces to meet any attempt to issue fiat money in this country. It will, in the long run, prove the best policy to raise necessary revenue by increased taxation, and by the sale of government securities, even at a heavy discount. The reserve of 55 per cent. of gold against Dominion notes is low enough at this time of crisis, especially when it is recalled that the government holds practically the whole supply of gold in this country, which is available to protect not only its own credit but that of the banks as well.

Our Foreign Trade.

One thing that must be impressed upon Canadians more than any other is the absolute necessity of increasing our exports in order that we shall pay interest on borrowed capital with the produce of our farms, mines and factories. For many years we have had an adverse balance of trade, but fortunately the gap between exports and imports is being rapidly narrowed. The excess of imports over exports fell from \$298,400,335 in 1912-13 to \$111,748,369 in 1913-14, and the present year will disclose a still smaller difference. This is as it should be; otherwise, now that our borrowings abroad have been put to an end, temporarily at least, we should stand in grave danger of losing our small gold supply. Fortunately, the world cannot do without what Canada produces—raw materials, cattle and foodstuffs. When the whole situation is considered it must be said that there is no room for pessimism. We have been hard hit, but not to the extent that other new countries have been. An end has been put to the mania for speculation which was the curse of the country. We can, and must, produce what the world imperatively needs. Canada should not only retrieve her fortunes in the next decade, but should, at the same time, by economy and productive effort, materially increase her bank account.



MR. N. W. ROWELL, K.C., Who addressed the Canadian Club today on "British and German Ideals of Empire."

HALDANE CHARGES HAVE COLLAPSED

Campaign of Defamation Killed and Lord Chancellor's Reputation as War Minister Enhanced

ACCUSATIONS ABSURD

Facts Show he Increased Strength of Expeditionary Force From 30,000 to 170,000 and Added 16,000 Men to Artillery Establishment.

By W. E. DOWLING

London, January 18 (by mail).—One of the most virulent press campaigns ever undertaken with recent years against the public character of a public minister over here has just been brought to a conclusion. Lord Haldane, the victim of this attack, which was foul as it was ignorant, has not only emerged from the ordeal unscathed, but his reputation as a War Minister has been established upon a far higher plane.

The charges stripped of their more offensive trimmings—for immediate rather than fact was the weapon most in evidence—may be briefly summarized as follows. He was declared to have reduced the Regular Army; diminished the effective force of Artillery; destroyed the old militia and left the territorial soldiers without training; he was also alleged that but for his mismanagement we could have been able last August to have sent more British Regulars to France. Two further charges of even more serious character were raked up either of which if proved would have been sufficient to drive him altogether out of public life. It was first of all declared that he more or less deliberately allowed himself to be deceived by the German Government on the occasion of his visit to Berlin in February, 1912, and consequently misled this country; secondly, it was alleged that on the outbreak of war last August he intrusted to secure his own return to the War Office and keep out Kitchener.

These charges have been dealt with by the London Daily Chronicle, and the plain unvarnished story which has been unfolded day by day for a week and more has succeeded in effectually demolishing the whole edifice of odious and ignorant calumny. As a matter of established fact Lord Haldane raised the strength of the Expeditionary Force from 30,000 to 170,000, he increased the Artillery establishment by 16,000 men, and he immensely improved the guns. He organized the machinery by which the British Military authorities were able to transport from England to France some 150,000 men with horses, guns and equipment with a single casualty and within the space of five days. He abolished indeed the antiquated militia, but he created instead the Special Reserve which is an integral part of our war organization.

With regard to the Territorial force, it is sufficient to point out that only five of the six months' estimated officially to be necessary to complete their training have elapsed, yet Territorial regiments are now serving in India, Egypt, Malta and in the fighting line in France, while there still remain in England ample forces to deal with a sudden raid upon our coasts. The army which has been dispatched to France is larger and better officered and equipped than was ever considered possible by the most enthusiastic advocates of militarism in the days before the war.

There remain the two charges involving the Lord

WESTERN POWER STOCKHOLDERS FAVOR REINCORPORATION PLAN

Boston, Mass., February 2.—A ten-point advance in the preferred stock of the Western Power Co., from 53 to 63, together with the lifting of the common from 12 to 16 within a week, reflects the definite approval of stockholders of the capitalization readjustment plan announced some months ago by which accumulated dividends of 18 per cent. on the preferred are to be paid off in new stock (118 shares of new for 100 old), the abolition of the par value of the common and the reincorporation, under New York instead of New Jersey laws.

It is understood that over 92½ per cent. of the preferred stockholders have deposited stock, thereby manifesting approval. Announcement of the success of the proposed plan will probably be made in the near future.

No assurance is made that cash dividends will be inaugurated at the outset, because of the desire to conserve quick assets and the necessity of some junior financing to take up the \$1,250,000 6 per cent. notes maturing in July. Regardless of the directors' decision on this point, however, it is only a temporary postponement, as earnings are still running at the rate of about twice the 6 per cent. requirements on the preferred.

The establishment of Western Power upon a permanent financial base with the consequent appreciation in value of its securities is naturally of considerable satisfaction to the New England capital interested in its success.

MAISONNEUVE REPORTS REVENUE LESS THAN ITS EXPENSES.

The City of Maisonneuve is in the unenviable position of having a revenue less than her expenditure. A financial report recently prepared by Mr. J. Pelletier, Montreal's Comptroller and Auditor, gives evidence of this.

Mr. Pelletier points out that Maisonneuve's debt is divided into two sections, the consolidated debt, amounting to \$6,750,745, and Park debt amounting to \$4,500,579. The former figure is usually known as the city's debt, whereas, in reality, it is the sum aggregate of these two figures given, viz., \$11,251,324. The total property valuation is \$34,792,935 but extensions by law amount to \$22,361,795. The amount actually taxable is \$24,066,410, and to this is added an amount of \$7,751,000 temporarily exempted, making a total of \$32,417,410 of taxable property. The revenues of the city are \$414,000.

Chancellor's personal honour. The innuendoes made with regard to his visit to Berlin in 1912 are now universally admitted to be malicious and absurd. Not merely was there no question of any personal decision, but we know now that the German Chancellor was explicitly informed that this country would abandon neither her policy of naval supremacy nor her old friends. Lord Haldane did it perfectly clear to Berlin that he was responsible for the mobilization that took place at the time of the Agadir crisis in 1911. The Germans were under no illusion with regard to what would have happened if their policy of wanton aggression had been persisted in.

The question of Belgian neutrality and of the British naval standards were raised at the same time, and the policy of the British Government was emphatically declared. Any violation of Belgian territory would instantly be regarded by us as a casus belli; and our naval policy would remain unaltered with a standard of two fleets to one against Germany.

The final charge—the most effective and disgusting of them all—is best answered by the plain statement of the facts. On Sunday, August 2nd, the assistance of Lord Haldane was requested by the Prime Minister who was carrying the portfolio of Secretary for War. Lord Haldane arrived at the War Office in due course on Monday, and after consultation with Mr. Asquith it was decided that the War Office must have at its head during the war a man who was a great soldier as well as a great administrator. Lord Kitchener, in spite of pressure from the Foreign Office, which attached great importance to his presence in Egypt, was recalled to London by wire from Dover where he was preparing to embark on the Monday for the Continent, en route for Egypt. On the Wednesday following he was made Secretary for War.

The Lord Chancellor, busy upon the details of the mobilization then in progress, remained on at the War Office until he had completed the task assigned to him by the Prime Minister. As I have said, the campaign of defamation has been killed. Certainly, no doubt remains in the minds of all reasonable men of every shade of political opinion that the country and its army, so far from suffering through the administration of Lord Haldane at the War Office, owes its present efficiency to the drastic measures of reform he had the resolution to carry through in the teeth of an unscrupulous and undignified opposition.

B. F. GOODRICH HAS NO FUNDED DEBT

Directors State Their Position Regarding a Dividend on the Common Stock

ANNUAL REPORT FOR 1914

Net Earnings Were \$5,440,000—Total Surplus of \$3,177,400 Is Equal to About 5.29 per cent. on the \$60,000,000 Common Stock.

Ackron, Ohio, February 2.—The books of the B. F. Goodrich Company have just been closed for the purpose of compiling the full annual report for the year 1914.

After making liberal provisions for all maintenance charges, depreciation, bad debts, and all known outstanding liabilities, the net profits for the year work out substantially as follows:—

Net earnings, 1914 \$5,440,000
Previous surplus 795,900
Total \$6,235,900
Preferred dividends 2,068,500
Balance \$4,167,400
Prd. stock redemption fund 900,000

Total surplus \$3,177,400
Being equal to about 5.29 per cent. on the \$60,000,000 common stock. Profits for 1914 alone were 4.13 per cent. on the common.

Concerning the common stock and the fact that nothing was done about a dividend at the last meeting of the board, an official statement issued by the company says:—

"No action was taken or contemplated in the future regarding dividends on the common stock."
The contingent liability of \$70,987 in respect of bankers' loans made on behalf of the Society Francaise-B. F. Goodrich, and which existed on December 31, 1913, has been liquidated.

The company has on hand cash to the amount of \$4,175,000, and has no bills payable outstanding. The current assets amount to approximately \$20,500,000, and the current liabilities to \$1,470,000. The company has no funded debt.

At the regular quarterly meeting of the directors on January 27 there was retired, subject to the approval of the stockholders at their annual meeting on March 10, 11,000 shares of preferred stock, which, together with the 9,000 shares appropriated at the July meeting of the board, makes a total retirement of 20,000 shares.

A dividend of 3¼ per cent. was declared on the preferred stock, 1¼ payable April 1 and 1¼ payable July 1. In view of the provision contained in the company's charter, which specifically provides that preferred stock cannot be retired ahead of payment of the preferred dividend, it was necessary, in order to make such retirement, that the dividend for the second quarter should also be declared prior to the stockholders' meeting.

U. S. BANKERS HOLD ORDER IS UNREASONABLE AND IMPOSSIBLE.

New York, February 2.—A peremptory order has been issued to National Banks by the Comptroller of the Currency John Skelton Williams, forbidding the granting of all over-drafts.

Directors of banks are requested to adopt resolutions directing that no officer or employee shall pay or charge to the account of any deposit or any overdraft.

New York bankers, although they do not consider that the order is directed at this quarter, feel that it is entirely too drastic. It will result, they say, not only in inconvenience but in positive loss to individuals, business houses and small country banks and might easily cause the bankruptcy of entirely responsible smaller banks and business concerns through refusal of the banks to honor their over-drafts.

A number of banks have said that they will acknowledge receipt of the letter, will point out how unreasonable and impossible the order was and then proceed to conduct their business in this particular as before.

WESTINGHOUSE LAMP CO.

Chicago, Ill., February 2.—E. I. Callahan for six years manager of the new business department of H. M. Bylesby and Co., having direction of the new business activities of the thirty-five properties under its management, has resigned that position to become District Manager of the Westinghouse Lamp Co. with offices and headquarters in this city. Mr. Callahan takes up his new duties February 1.

Investors' Open Market

THE Investors' Open Market is being inaugurated to provide a Board-room and all facilities for buyers and sellers of securities to meet and effect transactions; to list on our board, daily offerings and bids on all stocks and bonds; to mail to investors quotation sheets giving bid and asked prices on all securities; to take charge of, and assist, with our facilities and connection, in finding buyers for the seller and sellers for the buyer, and to make deliveries and attend to all details in connection with each transaction.

OUR CHARGE FOR THIS SERVICE IS 1/8 OF ONE PER CENT. OF PAR

Any stock or bond you wish to sell, communicate with us, giving the name of the company, number of shares, or bonds, and the lowest price you will accept. Any stock or bond you wish to buy, give particulars and state the highest price you will pay. If you are not disposed to buy or sell at the moment, but desire to keep in touch with prices, we will, upon request, place your name on list to receive quotation sheets regularly.

Send your buying or selling instructions in at once, as the first session of the Investors' Open Market will be held on Monday, February 8th, Next.

GODSOE, HIGGINS & CO. DEALERS IN LISTED AND UNLISTED SECURITIES
Ground Floor, Transportation Bldg., MONTREAL
Telephone Main 4357

NEW YORK ROOM TRADERS STILL DECIDED

New York, February 2.—Trading in the open market and prices in general were quiet and room traders were still decidedly of the opinion that the recent decline had not gone so far that the recovery in the past couple of days would be sufficient to cover the losses sustained from covering of shorts.

Following the publication of the Annual Report, which showed only a 2.40 per cent. increase in the common stock, that issue sold at a price with a high of 29½ earlier in the day, and was deemed to be good buying at the low minutes later there was a recovery above 28.

The opinion was expressed in many quarters that the company had improved its position for repairs and improvements, and that larger earnings could have been made had such charges been only normal above 28.

SUGAR OPENED STEADY.
New York, February 2.—Sugar futures opened steady.

COFFEE MARKET STEADY.
New York, February 2.—Rio coffee off 1/4 from \$38.00 to \$37.50 in 1914. Santos market unchanged. Stock against 2,075,000 last year. Port receipts 64,000 bags against 29,000. Net receipts 92,000 bags against 40,000. Rate of Rio exchange on London 11 11/16.

RETURN ON WAR SUPPLY.
Ottawa, February 2.—Early in the afternoon of Parliament a statement of the various departments of the Government will be made. A return will be brought down dealing with the sale of saddles, boots and shoes, sleighs, flour and grain, etc.

TIN MARKET STEADY.
New York, February 2.—Metal Exchange market steady. 5 ton lots \$37.75 to \$38.00. Lead 9 1/4. Spelter 97.75 to \$98.12 1/2.

LIVERPOOL CORN CLOSED.
Liverpool, February 2.—Corn opened on Monday, Feb. 7 3/4; March 7 9/8. Wheat not quoted.

THE HIDE MARKET.
New York, Feb. 2.—There were no movements in the market for hides yesterday. To brokers, the inquiry from tanners for hides was light and no sales were reported. The market remained firm, with Oriental at 23½ cents. There were no changes in dry salted hides.

NEW ZEALAND BUYING CANADIAN.
London, February 2.—The New Zealand Government has purchased 1,000,000 bushels Canadian wheat July delivery. The Hon. Mr. McKelvey, New Zealand High Commissioner, said that he was buying wheat since the war started, but that the largest order for New Zealand's wheat output had been in favor of pastoral industry, and it was now being turned to the Government. The Commonwealth would in future have to look more to Canada for her wheat supply. Commissioner acknowledged New Zealand's Canada for her present efficiency in doing so.

COTTON MARKET STEADY.
New York, February 2.—Cotton market steady. March 8.61, off 1/4; May 8.88, unchanged; Oct. 9.32, up 1/4.

DOMINION COAL COMPANY.
The Dominion Coal Company is a public utility corporation. It is the largest coal producer in Canada. It has a total output of 1,000,000 tons of coal annually. It is a leading supplier of coal to the Government and to the public.