

TERMS NECESSARY TO LASTING PEACE

Discussion of Allies' General Attitude Toward Their Beaten Enemies

THREE-FOLD THEORY

Peace Must be Based in Respect for National Sentiment, Establishment of Real European Partnership, and Creation of an Arbitration Court.

(By W. E. Dowling.)

London, February 15 (by mail).—However much one may think it advisable not to discuss the terms of peace till we have peace, it is impossible to prevent some measure of public discussion on that all-important point.

Already a few eminent men have spoken and written on the subject; the economists are busy with their theories; and gradually the area of discussion is spreading. It may be as well, therefore, to indicate on what lines the discussion is developing and will develop.

Roughly speaking, the matter divides itself into three parts:—

(1) The Indemnity.

(2) Future Trade and Tariffs.

(3) The general attitude toward the beaten enemy.

Most people feel bound to assume that the Allies will insist upon an indemnity when they dictate terms to the enemy. No voice of authority in England, France or Russia has yet confirmed the assumption; and I am by no means certain that an indemnity will be one of the main conditions of peace. For example, an undertaking by Germany not to increase her armaments beyond a defined limit would be more valuable to the world than any indemnity which she could pay. And to take the matter a step further, an international undertaking of such a restrictive character is not at all an improbable outcome of the present trouble. But should an indemnity be extracted, the general sense of justice dictates that it should be expended on the restoration of Belgium, though here again it is quite practicable for the Allies to finance Belgium after the war without blood money. In my letters about the war I have frequently insisted on the recognition of a new spirit in the management of national and international affairs. We cannot discuss the future in pre-war terms. Everything is changed, including our ideas of what is possible as well as what is necessary, and in financial affairs as well as in all others. So far as I can trace, it is yet a long way from possible to forecast the financial arrangements consequent upon the war.

Turning next to trade and tariffs, here we have two distinct schools already apparent. The difference mainly concerns the indemnity. On the one hand it is said that the extraction of an indemnity will cripple Germany's productive powers, and make her a less profitable customer. In other words, by hitting her we should be hitting ourselves. On the other hand, there is a strong feeling that part of the price Germany must be made to pay is the crippling of her trade. This is sheer retaliation, and the British people are in the mood for retaliation of the most severe type. The economists will argue in vain with this mood. Parties may be divided on it, and it is already prospectively regarded as the most delicate political outcome of the war. Here, as in the former case, we have had and cannot have for a long time any indication of the intentions of the Government. There is this to be said: The Government will be bound by the terms of peace to which it sets its seal, and therefore it is not at all unlikely that the terms will include some references to international trade relations.

Lastly, to indicate how the discussion is opening, I will quote an extract from a speech delivered on Saturday by Mr. Arthur Rowntree, M.P. Mr. Rowntree is the present head of the great cocoa firm. He is also a member of the Society of Friends, which is a body that exerts a good deal of quiet influence on opinion in this country. Mr. Rowntree said we must beware of a policy of hatred and revenge even against our foes. As he talked to soldiers who had returned from the front, again and again he was struck by the fact that they had far less of the spirit of revenge than many of the civilians sitting at home. Newspapers offered inducements to hatred. He did not mean to say they purposely did so, but they issued, for instance, that poem of hatred which came from the other side. He was perfectly certain that there were quiet voices and quiet people in Germany even as there were in England. It was the duty of everyone to try, hard though it were, to keep that sort of hatred and revenge in subjection, and to lose no opportunity of explaining that the present animosity of the Germans was, at any rate, largely due to a totally mistaken view of the facts. We must subdue the natural instinct of revenge and remember that even at the conclusion of the war there would be 80 or 90 millions of German people in Central Europe with whom it would be our duty to find a rational way of living and communing. The dismemberment of France in 1870, the attempt to humiliate and impoverish her, was the greatest mistake from which all Europe had been suffering for 40 years.

The conditions necessary to secure a lasting peace were, in his opinion, threefold. Firstly, there must be respect for national sentiment; secondly, there must be a real European partnership, and possibly a partnership wider than Europe, based on respect for public right; and thirdly, there must be some way in which the disputes between nation and nation could be settled by an appeal to a judicial court rather than an appeal to arms.

In the future foreign relations could not be left to either kings or diplomatists, but must be the concern of the common people of the community. He was in favor of democratic control of foreign policy, but he knew perfectly well it would be immensely difficult to get, and sometimes it might go wrong unless there was an educated democracy who were able to judge rights and wrongs.

I need not tell you that this argument is lost on the country at the present moment. But it is the keynote to a good deal that is beginning to find publicity in our Press, and I quote it here as representative of one extreme, just as Retaliation in Every Possible Way is representative of the other.

DOMINION TELEGRAPH CO.

Toronto, March 5.—To succeed the late Thomas Swinyard, Sir Henry Pellatt has been elected president of the Dominion Telegraph Company.

Amelius Jarvis was appointed vice-president, and Sir John Gibson added to the board of directors.

BETTER BUSINESS REPORTED FROM RIO DE JANEIRO BY DUN'S REVIEW

Merchants in the Interior Are Beginning to Place Orders and this Alone Displays More Confidence that the Situation is Improving.

Merchants in Rio de Janeiro state that there are indications of an improvement in general trade conditions, that there is a feeling of more confidence, and that merchants of the interior are beginning to place orders, according to a special correspondent to Dun's Review of March 6. The first payments of obligations falling due during the period of the moratorium, a period that extended from August 5th, to December 15th (including the ten-day bank holiday) have been met in a very satisfactory manner. This first payment was 25 per cent. of the obligation and matured on January 15th, with 35 per cent. to fall due on February 15th, and the balance due March 15th. The number of protested documents on January 15th, is relatively small, and no houses of importance are included in the number.

The applications to the courts for compromise with creditors and in bankruptcy proceedings are few in number and not above the general average. This showing made by the trade in this city, following a long period of uncertainty, and some fear in regard to the ability of many commercial houses to meet their obligations with the termination of the moratorium, has greatly helped to restore the feeling of confidence, and also establishes a much better tone in the reports current in regard to the future.

In the north, for which the city of Pernambuco is the commercial centre, trade is reported to be reviving and is not much below normal.

In the south, especially the State of Rio Grande do Sul, business has not been very seriously affected on account of the variety of products that this State has to ship, and at the present time the movement is said to be regarded as very encouraging, and not very much below normal.

In the section of the country for which the city of Sao Paulo is the distributing centre, business is somewhat depressed on account of the condition of the coffee market, which has been affected by the European war. Some failures are reported among small merchants, but the importing houses continue to maintain their position and to buy in a light way.

There is said to be a much improved condition in the general trade, and a feeling that the country can look forward to a slow, but healthy revival of business.

It is reported that there is a disposition among American shippers to postpone trade relations with Brazil until there is a restoration of former trade conditions, but the situation existing to-day is such as has never existed before, and one which the American trader should take advantage of, and that is that propositions from the United States can now get a hearing; the American trader can get his samples examined and his prices considered, and a fair opinion given to his offers. The Brazilian merchant to-day is pleased to consider what the American manufacturers has to offer, and the importance of this should not be overlooked. American traders, who have been in a position to submit their wares in Brazil, have, in the majority of cases, been quite satisfied with the results obtained. They have found this willingness to examine American goods and prices, and they have received orders, which, considering the reduced buying during the past year, have been quite satisfactory as it meant the introduction of the thin end of the wedge, and forming the basis of future business.

BRITISH AND FRENCH BUSINESS MEN TO VISIT SOUTH AMERICA

London, March 5.—British and French business men are arranging for a commercial expedition to South America with the avowed intention of seeking the trade which those countries hitherto have given to Germany. A French liner has been chartered and will be re-christened the Argonaut.

The personnel of the Anglo-French delegation will comprise fifty French merchants representing the champagne, silk, cotton and other industries of France, and 100 business men of Great Britain representing the industries of Leeds, Bristol, Birmingham, Glasgow, Leicester, Coventry, London and Manchester.

The arrangements are being made by the British Trade Intelligence Department of Kelly's, London. Samples will be loaded and the delegations will embark at Southampton. The party will visit Caracas, Bahia, Rio de Janeiro, Santos, Buenos Ayres, Montevideo and then will go through the Straits of Magellan and on to Valparaiso, Antofagasta and Lima, where the Panama Canal to Barranquilla and, if time permits, a side trip will be made to Bogota.

Exhibits of British and French manufactures will be arranged on board the steamship to which South American buyers will be invited. The business men abroad will seek not only to interest South American trade in their goods but also will arrange for permanent representation in the various cities visited. The voyage will occupy about ninety days.

WILL GO AFTER ORDERS.

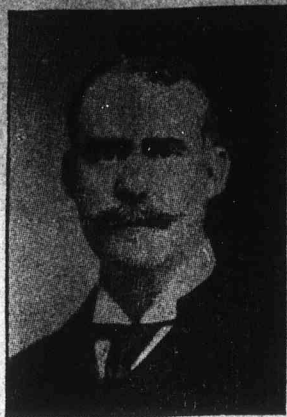
Sherbrooke, Que., March 5.—At the instance of the Sherbrooke Board of Trade, the manufacturers of the city, especially the iron and steel workers, are studying a plan whereby they may pool together and send a live representative to London or Paris to secure orders from the countries of the Allies.

Mayor James Mackinnon, district manager of the Canadian Bank of Commerce, is chairman of the special Board of Trade Committee.

DISMISSED COMPLAINT.

Washington, D.C., March 5.—The complaint of the International Paper Co. against the Delaware and Hudson and other railroad companies which alleged that joint through rates, higher than were maintained for many years, published by Canadian carriers and concurred in by carriers in the United States for transportation of pulp wood from Canada to points in the State of New York, are unreasonable, has been dismissed by the Inter-State Commerce Commission.

It was decided that the extent of the commission's jurisdiction over joint rates involved would be to require the U. S. carriers to cease from concurring in such rates to and from the border points. That the rates in question were found to be reasonable by the Board of Railway Commissioners for Canada after a hearing at the suggestion of the complainants and findings of that Board were regarded as entitled to weighty consideration by the commission. As the rates were primarily published by Canadian carriers for transportation largely within the Dominion of Canada and as increases complained of accrued almost wholly to Canadian carriers, the commission holds that the Canadian Board is the proper tribunal to determine reasonableness thereof.



COL. THE HON. J. S. HENDRIE.
Elected a director of the Canadian General Electric Company. He succeeds the late Hon. Robt. Jaffray.

STEEL FOUNDRIES HAD DULL YEAR

Loss in Operations for 1914 Was \$75,161 After Paying Dividends

SURPLUS IS DECREASED

Company Ended Year With Net Assets Practically Same as They Were at Beginning—Actual Decrease Being Less Than \$8,000.

Jersey City, N.J., March 5.—The annual report of the American Steel Foundries Company for the fiscal year ended December 31, 1914, was issued yesterday. Operations for the year showed a loss of \$75,161 after the payment of dividends. R. P. Lamont, president of the company, in reviewing the year's business says:

"Perhaps the most comforting statement that can be made concerning the operations of the company for the year is that after spending \$912,084 for repairs and maintenance, charging \$231,455 to depreciation, and paying out \$343,680 in dividends, we ended the year with net assets practically the same as they were at the beginning, the actual decrease being less than \$8,000.

"The balance sheet will show, however, a decrease in surplus of \$75,161, and while \$67,263 of this is offset by a reduction in our bond and debenture indebtedness, or provision, therefore, the fact remains that our surplus has been reduced from \$1,243,349 to \$667,987, and this is the figure that must be kept in mind."

Cross sales for the year were \$11,125,091 against \$17,425,940 for 1913. Operations were at the rate of 50.4 per cent. of the capacity of plant, as against 50.1 for the previous year. Concerning the current year Mr. Lamont says if the crop situation develops favorably "We may be operating on a satisfactory basis during the second six months of the year." The financial statements follow:

Balance Sheet—Assets.	
Year ended Year ended	
Dec. 31, '14.	Dec. 31, '13.
Real estate, good will, etc.,	\$20,501,907
Sinking fund (exclusive of bonds purchased by trustees)	143,736
Insurance premiums	34,059
Misc. securities	311,299
Inventories	2,034,953
Accts. bills receivable (less res.)	1,675,785
Cash	1,647,811
Totals	\$26,343,668

Liabilities.	
Year ended Year ended	
Dec. 31, '14.	Dec. 31, '13.
Capital stock	\$17,184,000
Bonds and debentures	4,819,100
Accounts payable	689,016
Pay roll accrued	82,601
Accrued interest bonds and debts	104,313
Dividends	343,680
Depreciation	756,560
Res. for deb. retirement	343,680
Appropriated surplus	2,040,089
Surplus	667,987
Totals	\$26,343,668

Income Account.	
1914.	1913.
Earnings from operations	\$3,637,903
Depreciation	231,455
Miscellaneous income	87,158
Interest charges	252,212
Sinking fund	472,475
Dividends	343,680
Surplus for year	\$75,161

x—Deficit.

FRENCH COMMERCE LAST YEAR DECLINED \$796,670,418 FROM 1913.

New York, March 5.—The Bureau of Foreign and Domestic Commerce has received the following report by cable from the American Consul General at Paris relative to the foreign trade of France for last year.

The total value of the foreign trade of France for last year, excluding gold and silver coin and bullion, was \$2,156,528,539, a loss of \$796,670,418, compared with 1913. The imports were valued at \$1,325,397,237, a decrease of \$396,919,739, and the exports amounted to \$831,121,292, a loss of \$399,750,679. The imports of precious metals amounted to \$182,095,307, a decrease of \$6,975,833, and the exports amounted to \$38,769,261, a loss of \$44,463,219. The decrease in the foreign trade was entirely in the last six months of the year. During the first six months there was a gain of \$28,890,737, not including precious metals. There was a decrease of 11,353 vessels of 13,149,176 tons in the arrivals and departures at the ports during the year. The decrease was all during the last part of the year.

ST. PAUL BONDS SOLD.

New York, March 5.—Kuhn Loeb & Co. and The National City Bank announce that they have sold the unsubscribed balance of the Chicago, Milwaukee and St. Paul general and refunding mortgage 5 per cent. convertible bonds, acquired by the underwriting syndicate, to Harris, Fortes & Co.

CANADIAN GENERAL ELECTRIC CO. LIMITED

Annual Report of the Board of Directors for the Year Ended 31st. December 1914.

DIRECTORS:

W. R. BROCK, Hon. President and Chairman of the Board.
LT.-COL. FREDERIC NICHOLLS, President.
W. D. MATTHEWS, Vice-President.
HON. J. K. KERR, K.C., Vice-President.

SIR WM. MORTIMER CLARK, LL.D., K.C.
H. C. COX
A. E. DYMONT
SIR RODOLPHE FORGET,
SIR HERBERT HOLT,

COL. THE HON. J. S. HENDRIE, C.V.O.
SIR WILLIAM MACKENZIE,
F. GORDON OSLER,
J. K. L. ROSS.

ANNUAL REPORT OF THE DIRECTORS.

Submitted to the Shareholders at the Annual General Meeting of The Company in Toronto on Wednesday, March 3rd, 1915.

Your Directors submit herewith the Balance Sheet of the Company as upon the 31st day of December, 1914, also Statement of Profit and Loss for the year, and Certificate of Messrs. Price, Waterhouse & Company, Chartered Accountants.

In view of unsatisfactory trade conditions which have obtained since the presentation of our last Annual Report, and which during the last five months of the year were much accentuated as a result of the European War, your Directors believe that the Statement now presented to the Shareholders is cause for congratulation. Fortunately the conservative policy that has been pursued during prosperous years, of accumulating large Reserves, and of writing down in our books of account of both Capital and Current Assets to a minimum value, has placed the Company in an exceptionally strong financial position.

It will be seen from an examination of our Balance Sheet that Liabilities have been reduced by over \$4,200,000.00. We have, out of this sum, paid off all loans to Bankers, and have reduced Accounts Payable to a minimum.

You will note that at the close of the year Current Assets aggregated \$7,939,022.22. Since the end of our fiscal year we have further reduced our Liabilities by re-payment of the loan of \$100,000.00 obtained in connection with the construction of the Sunbeam Plant, and have also paid the Dividend of \$140,000.00 carried as a liability at December 31st, 1914.

The last Annual Report of your Directors contained the following paragraph:—"The policy of the Company has always been to borrow funds to finance large contracts during progress so as to avoid a fixed dividend charge in the event of any serious recession in trade."

The wisdom of this policy has been fully vindicated by present results. We have experienced a serious recession in trade; have liquidated sufficient of our Current Assets to pay off our loans, and are therefore under no interest charges for borrowed capital. On the other hand, had we depended on Share Capital for carrying large contracts our Share Capital would have been \$4,000,000.00 in excess of its present total, which, in view of reduced earnings, would have meant a reduction in the rate of Dividend paid. Happily, with a minimum of Share Capital, and by a policy of rigid economy, we have earned sufficient to continue payment of Dividends at the same rate as heretofore, without invading our Reserves, or the balance at the credit of Profit and Loss, which latter has been accumulated, and can be used if necessary, to maintain Dividends.

Our present Surplus amounts to \$2,640,762.38, and as in addition we still retain intact our Inactive Reserve of \$1,517,068.39, it will be seen that our total Reserve available amounts to over \$5,000,000.00, equal to 50 per cent. of our paid up Capital, and in this connection it may also be noted that our Patents, Contracts, and other manufacturing rights, for the acquisition of which large sums have been distributed from time to time, are carried in our books at the nominal value of \$1.00.

Our Balance Sheet for the year ended December 31st, 1913, showed a Reserve for Depreciation of \$1,537,895.42, which Reserve has been set up during the last six years only, as previous to that time it had been the custom to write the yearly allowance for depreciation off the Assets, instead of carrying it forward as a Reserve for Depreciation account as at present. During prosperous years we have written off more than was necessary, so as to provide for conditions like those with which we are now met, so that this year your Directors have not considered it necessary to augment this account, but all repairs and replacements have been charged direct to Expense Account.

Following the usual policy of the Company, the Inventory has been taken at or below cost, and sufficient allowance has been made in respect of any goods considered to be either obsolete or not readily saleable.

Since the outbreak of war Canadians have had to grapple with many problems of Nationalhood for the first time. We not only have been confronted with a serious industrial and financial situation, previously existent and aggravated by war conditions, but in addition thereto have had, individually and collectively, to assist to the measure of our ability in the maintenance of our freedom and that of the Empire of which we form a not inconsiderable part. Your Directors, after having ascertained from the authorities that such action would be helpful, have enlisted and are maintaining a detachment of twenty-five electrical and mechanical Engineers for service during the continuance of the war, and for this purpose, in addition to contributions to the Canadian Patriotic Fund, the Red Cross Society, and other benevolent objects, have set aside the sum of \$50,000.00, which action of your Directors the Shareholders are now asked to confirm.

Your Directors desire to express their great regret at the death of two Directors of the Company since the last Annual Meeting. The late Mr. E. W. Cox had only been recently elected a Director of the Company in succession to his father, the late Hon. Geo. A. Cox. The late Hon. Robert Jaffray was a charter member of the Company, having been one of its original Directors, and had given his valuable services to the Company for a quarter of a century. The vacancy created by the death of the late Mr. E. W. Cox has been filled by the election of his brother, Mr. H. C. Cox, President of the Canada Life Assurance Company, and the vacancy created by the death of the late Senator Jaffray has been filled by the election of Col. the Hon. John S. Hendrie, C.V.O., Lieutenant-Governor of the Province of Ontario.

FREDERIC NICHOLLS, President.

CANADIAN GENERAL ELECTRIC COMPANY, LIMITED.

Consolidated Balance Sheet, 31st December, 1914.

ASSETS.	
Capital Assets—	
Real Estate, Buildings, etc., at Toronto, Peterboro, Bridgeburg, Stratford, Montreal, Branch Offices, Power Plant at Nassau, Canadian Sunbeam Lamp Co., etc., Limited, and Canadian Allis-Chalmers, Limited	\$6,244,635.35
Machinery and Tools	3,238,025.14
Patterns and Drawings	708,913.22
Patents, Contracts and Goodwill	1.00
Total Capital Assets	\$10,191,573.71
Current Assets—	
Inventory of Raw Material, Supplies, Work in Progress and Finished Materials, including expenditures on Contracts (less collections on account)	\$4,526,592.33
Accounts Receivable (less reserve for doubtful debts)	3,318,817.15
Bills Receivable	140,005.17
Investments	283,422.24
Cash	82,884.73
Deferred Charges	7,993,022.22
	42,802.65
	\$18,223,903.62

LIABILITIES.	
Capital Stock—	
Common—Authorized	\$10,000,000.00
Issued	\$8,000,000.00
Preferred—Authorized and Issued	2,000,000.00
Bonded and Other Indebtedness—	
Mortgage Obligations on properties purchased	\$514,643.36
Bonded Indebtedness on properties purchased	701,500.00
Deferred liability on purchase of Allis-Chalmers-Bullock, Limited, secured by bonds of the Canadian Allis-Chalmers, Limited, over the Rockfield plant, of a par value of \$700,000	600,000.00
Balance of Loan re New Plant, Canadian Sunbeam Lamp Co., Limited, paid February, 1915	100,000.00
Deposits with Tenderers	77,629.94
Current Accounts Payable	930,978.35
Dividend on Common Stock, paid 2nd January, 1915	140,820.60
Reserve for Depreciation	1,517,068.39
Reserve	\$2,700,000.00
Profit and Loss Balance	940,762.38
	3,640,762.38
(Contingent Liability on Bills Receivable Discounted \$613,171.68)	\$18,223,903.62

We have audited the above Balance Sheet, and certify that it is properly drawn up, and in our opinion shows the true financial position of the Company, on 31st December, 1914.

PRICE, WATERHOUSE & CO., Chartered Accountants.

LINDHURST OGDEN, Auditor.

CONSOLIDATED SURPLUS ACCOUNT.

Profit for the year ended 31st December, 1914, before providing for Depreciation and interest on borrowed capital	\$14,527.52
Less—Interest	160,886.65
Net Profit for the Year before providing for Depreciation	722,671.17
Less—Dividends Paid	696,741.13
Surplus for the Year	26,880.04
Add—Unprovided Profits as at 31st December, 1913	913,932.34
Balance at Credit of Profit and Loss Account	\$940,762.38
Reserve	2,700,000.00
Surplus per Balance Sheet	\$3,640,762.38

AGRICULTURAL RATE HAS INCREASED

In Great Britain, Wages Advancing and War Has Them Further in Some

QUESTION MUCH DISCUSSED

War Majority of Farm Workers, it However, are Sadly Inadequate for Newspapers Taking Matter

(By W. E. Dowling.)

London, February 18, (by mail).—Agricultural wages in this country is a direct interest to Canada that I would attention to the subject. It has arisen in various forms, including a debate in the House of Commons. Before the war it was the political controversy, and the Liberals to gain the country's support for legislation. Even in those far-off days (to us now), many prominent men sided upon in favor of higher wages for the agricultural laborer, and the Government eventually from that of the Government proposed legislation, made wage compulsory district by district, and to leave the settlement of the organizations independent of legislative action.

The rival party programmes being war lasts, the Opposition suggestion by virtue of its lack of precision. The Opposition are now encouraging more wages voluntarily, and because more legislation impossible, the Government at present of carrying out an alternative programme.

Before the war began, agriculture was creeping up. Since August, there has been more increases in various parts of the vast bulk of the agricultural population of the same pitifully low wages, are mounting higher. On a wage of 1 there is not much margin to eat into the cost.

This state of affairs undoubtedly sense of the country. The newspapers matter up, and last night several Members of Parliament made these points:—

(1) Mr. R. E. Prothero, the Member for University, Agent to the Duke of Devonshire, authority on agriculture, said: "The Government cannot be controlled, and the Government aimed at now was a rise in wages."

(2) Mr. Austen Chamberlain, a former of the Exchequer, said, "The friends ought to point out to them, that, given employment was extremely good, and short in every great industrial concern farmers could offer greater advantage than they had been able to do in the past."

They expect to draw the amount of the country districts. Although not to over-rate the profits, that make the higher prices made it easier for the farmer to raise the inducements which he has to offer to attract fresh labor.

Higher wages would pay in the long run the increased efficiency."

These are significant words. They are with the Government attitude, which by Sir Harry Verney, Parliamentary Secretary of Agriculture, in these words: "The farmers of this country were for the high prices. There had been agricultural laborers' wages, and he thought if the wages offered were decent would help to cultivate the land. The children should come last. There was expensive as low-paid labor and the culture would bring its influence to bear on wages and status of agricultural labor."

And they express the almost unanimous country. You may take it as certain that the upward trend in agriculture will continue, in spite of the war, back to normal political conditions, will be able to point to wage increases, legislation, and to argue that there is need for legislation. The Government hand, will be able to use the present wages are low as an argument in favor of agricultural employers up to a minimum. The position gained now won't be secured by legislation because, when the war, there will be a tendency again, seeing that high prices are the for the present increases. Whenever will some day become more attractive peasantry, and in considering the future, this is a point to be borne in mind.

RAW SUGAR UP 19 POINTS

New York, March 5.—Spot quotation for advanced 19 points to 4.77 cents.</