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WEDNESDAY MORNING, NOVEMBER 3.

The Financial Nightmare of the United States.

What The World has been saying about the financial situation in the United States, especially with reference to railway securities and the unfortunate plight of the insurance companies, the banks and the universities that are loaded up with them, receives striking confirmation from a railway president. Mr. E. P. Ripley, of the Atchafalaya, Topeka and Santa Fe, in a prominent publication devoted to railways and their interests, The Railway Age Gazette.

"In the strained conditions which prevail in Europe," says President Ripley, "it is altogether likely that, as soon as our exchanges are open, European investors will seek to return us large quantities of our securities. Who will buy them? Why should anybody buy them since our own congress has said in effect that they are secondary in security to bonds of municipalities or states? If there are no buyers there will be no price. Picture to yourself the result of a flood of securities on the market and no buyers.

What will be the effect on the savings banks, insurance companies, colleges—all fiduciary and benevolent institutions, whose assets consist largely in railway securities? With a shrinkage of values of unknown area, they will be practically bankrupt."

Of course the Santa Fe president does not admit that the roads are themselves to blame; that they were robbed and looted in every way that Wall Street bankers and Wall Street brokers could devise. He glides quickly over the looting of the New Haven by the late J. P. Morgan and his associates, and the scandalous manipulation which has recently come to light in connection with the Rock Island and Frisco. He does not mention the fact that every road now in the hands of a receiver was placed there by the dishonesty of men on the inside. On the contrary he is inclined to blame congress or the Interstate Commerce Commission. But at any rate Mr. Ripley clearly perceives that:

The present situation cannot last. It may almost be said that the broken down already, and talk of fixing government ownership as being the only recourse is getting more and more common.

To avoid government ownership, which seems to be the only way to prevent the absolute ruin of the railways and with them all the great institutions holding their securities, Mr. Ripley proposes that government co-ordination and consolidation under government supervision and control. With much that he has to propose we agree in part. The problem of the railway world today is how best to avoid duplication and wasteful expenditure. There is no doubt that the cost of railway service could be cut in two on this continent by the unification of systems and management. "Every night," we are told, "five magnificent trains leave Chicago for practically the same hour for Kansas City. Each train carries every modern device for the comfort of passengers, and not one of them is loaded to its capacity. Six trains leave Chicago for Omaha nightly and five for St. Paul, and of all of them the same may be said. Probably one of these trains—certainly two of them—would amply care for all the business and a great saving would result from discontinuing the other four. This is only one instance of what could be accomplished by co-operation, which by the way is forbidden by law."

Of course the cure for this waste of energy is to be found in government ownership and operation. Mr. Ripley seeks to find a half-way house where he might private ownership with government control. He would group the railways much as the banks are grouped into regional districts. The ordinary administration he would have confided to a board of directors, some appointed by the government and some by the stockholders, but the supreme control to be in the government.

Finally he would have the government indemnify the stockholders of the various roads for any decrease in net earnings occasioned by the consolidation; the government, he assumes, would risk nothing because the total net earnings of the group would show an enormous increase. The plan, if carried out, could only lead to government ownership, but that it should be proposed by a railway president is interesting. To quote:

Suppose the government should say to each of the lines serving certain territory: "We will guarantee that your net earnings for the next five years shall not be less than the average for the last five, and you shall also be guaranteed six per cent. on any additions and betterments which (with our consent) may be made on the property. In return we demand one or more seats on your board and the power of absolute veto upon any act or proposed act which we consider deleterious to the community or otherwise improper."

Would not this give us all the admitted benefits of common control, all the economies incident to common ownership, and at the same time protect the rights of the public? Would it not do away with the enormous waste of the competitive system and permit the business to follow the line of least resistance, with the result of lessened expense and probably lower rates? Who would be injured by it? Would anybody lose by it?

Suppose the establishment of railway "groups," somewhat after the manner of "regional reserve banks"—each group governed by a board of directors, in which the government may be fully represented. Suppose all unnecessary train service be dispensed with, all ticket and freight solicitors and their offices eliminated, with the consequent expense. Would not net earnings be at once improved and the guaranty of the government at once rendered safe? Would not the result be the immediate restoration of confidence? I do not belittle the difficulty of such an arrangement, and I realize that everything would depend on the men selected for such control.

Near a Business Settlement

To commence a suit between the Provincial and the City Hydro Commissions even on the friendliest basis would have been arrant nonsense. There was no need of the legal brain of Controller Church to take such a professional view of the situation. It could only have resulted in stirring up bad blood where there have been sufficient attempts in that direction already. The friction which has been supposed to exist between the two commissions has been largely fictional, and while fictional friction may be useful campaign material it does not really advance the business interests of the people, who are concerned to have the business of the hydro system run with as much attention to business principles and as little to political interests as possible.

As far as can be learned considerable advances have been made in settling the various questions over which there was a difference of opinion. Differences of opinion can only exist in the absence of definite knowledge of facts. It has been the aim of the city commission to get down to a bed-rock basis of fact in regard to the actual business condition of the city system, with exact information about unit costs, and every other fact of this nature which would make it possible to say what ought to be done on the general question of rates. Progress has been made, not by thrashing out hypothetical legal points, but by getting the figures on paper, and by calculations of profit and loss, of expense and cost. These are matters of business and engineering and they will be solved by the engineers of the commissions.

Not an "Off Year"

We can scarcely agree with The Toronto Globe that this is the "off year" in American politics. The election today will determine to a large extent the fate and future of the Wilson administration. If it goes against the government the inference will be fairly warranted that the people of the United States want to go back to a high business should not further be interfered with by the government. The issue is squarely drawn between progressive and reactionary ideas; which ever prevail today will have the inside track in the presidential race.

It is true that the president can veto bills passed by a hostile congress, but on the other hand, such a congress can scut all his recommendations. It would mean for the United States something like the deadlock which has prevailed between the two houses at Ottawa. Moreover, if the congressional elections go against the administration, it is more than likely that the president and his party will be defeated two years hence. The congressional elections of 1892, 1896 and 1910 give warning.

The "off year" is the year after the presidential contest, when national issues are seldom discussed, and there are no elections for either the senate or the house of representatives. Congressional elections are always important, and if we are not interested it is because the war has engrossed our attention to the exclusion of almost everything else. Indeed, the war news has pretty well crowded out politics in the United States papers. But the election is an important one for all that and should it go against the

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government—which we think unlikely to have consequences of far reaching importance.

Turkey and the War

Turkey seems to be in two minds regarding participation in the war that now convulses Europe. German money has no doubt been active among the vernal politicians that have made Turkish rule a by-word and reproach, but it is also evident that there are in Constantinople some holders of high office who realize that intervention is more apt to be a losing than a winning venture. Germany has long had a covetous eye on Asia Minor and has already obtained vast concessions from the government. The Baghdad Railroad was only one of many, but owing to its bearing on the situation in the Persian Gulf, it attracted more attention and led to protracted negotiations between the German and British governments.

While the British peoples are confident that there can be but one issue to the war, neutral countries whose interests are closely involved must consider every one of the possible results. Even from this standpoint Turkey appears to be ill-advised in linking its future with that of a power that has committed itself to "domination or downfall."

Russia is no doubt sincere in welcoming the opportunity to have the problem of Eastern Europe settled at a time when it may be able to exert a determining influence. But Britain and France, controlling, as they do, large Mohammedan populations, can hardly view the action of Turkey with the same equanimity.

INDIFFERENT?

John Cottam of London has written an "open letter to the American people" in which he upbraids them with indifference, and says, in part: "Under the Stars and Stripes shall a hundred million free people, with resources unlimited, remain indifferently neutral while a sister republic is being crushed and bled, whose blood and treasure was freely poured to help America in her time of need? Is the recipient of that aid, the premier resource of the world, to remain indifferent while the very existence of free peoples is in the balance?"

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TEACHERS TO BE PAID WHILE IN THE RANKS

Board of Education Will Follow the Lead of the City Council.

High and public school teachers and salaried members of the public, clerical and medical departments of the Toronto Board of Education who go to the front as members of any of the Canadian contingents will be paid on the same basis as officials and employees of the city council who join the colors. Chairman Brown of the finance committee was authorized yesterday afternoon to ascertain officially exactly what was being done by the city council, and to make arrangements for the board of education to pay on the same basis.

Lieut. H. B. Kernish, senior third grade teacher of Jesse Ketchum School, who is going to the front with the 24th Wellington Rifles, was presented yesterday with a sword and belt by the school, and a service cap by the members of his own class. At the morning recess the pupils held a patriotic demonstration in the assembly hall, where the presentations were made. Appropriate addresses were made by Inspector Armstrong, and Principal Kirk. "Rule Britannia" was sung, and cheer given for the King, the allies and Lieut. Kernish.

ARCHBISHOP SANG MASS FOR SOLDIERS KILLED

Devout Congregation Attended Yesterday Morning at Service in St. Michael's Cathedral.

His Grace Archbishop McNeil sang solemn requiem high mass yesterday morning at 8.30 in St. Michael's Cathedral, for the souls of the soldiers killed in the war. The church was filled with a devout congregation. A large number of young men from the high school were present. The assistants at the ceremony were Right Rev. Monsignor M. D. Whelan, high priest; Father Pennington, deacon; Father O'Brien, sub-deacon, and Fathers McCrae and Bonner, deacons of honor. The musical portion of the mass was sung by a full choir, and at the conclusion the "Dead March in Saul" was played. His grace the archbishop gave the absolution.

The interior of the cathedral was suitably draped in black. Similar services took place yesterday in the churches all thru the diocese. The number of Irish Catholic soldiers with the colors, and at present on the firing line, is over 30,000, with nearly 35,000 at present in training, according to the statement of Rev. Father Bonner yesterday.

HYDROLOGICAL CORPS DRAWS CIVIL SERVICES

Health Department Will Supply Two Captains and a Major—Inspection of Water.

One of the military organizations which is receiving support from the civil service departments at Queen's Park is the hydrological corps, which will be officered to a large extent by men of medical experience drawn from the department of health.

Dr. McCullough, chief officer of health, and Sanitary Engineer Dailly will serve as captains, and Dr. Wodehouse of the northern district, as major. This is the organization with which Dr. Naamith of Toronto has enrolled, and the direct purpose is to ensure a good quality of drinking water to Canadian forces which go to the continent.

STATUE OF CARNEGIE PELTED BY TOWNSMEN

Alleged Pro-German Attitude of Ex-Steel King Cause of Outbreak.

Canadian Press Despatch. MONTREAL, Nov. 2.—A despatch to a news agency from Dunfermline, Scotland, says that local sentiment against Andrew Carnegie because of his alleged pro-German attitude is so strong that the statue of Mr. Carnegie which that the statue of Mr. Carnegie his native town last June was pelted by a crowd.

Carnegie films which have been exhibited at moving picture houses have been withdrawn, the correspondent says.

STEAMSHIP MAGNATE DEAD

LONDON, Nov. 2.—The death was announced today in London of Alfred Booth, head of the Booth Line of steamships.

OWING to the increased cost and the scarcity of supply of raw material, the Eddy Company have had to slightly advance the price of Matches and some other lines.

The Eddy Company believe the public will appreciate this when they realize it is done so that the high standard of quality for which the Eddy goods are famed may be maintained.

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GERMANS IN U.S. MAY TRY TO RAID CANADA

Such is Information Received by Former Mayor of Westmount.

Canadian Press Despatch. MONTREAL, Nov. 2.—The stories that the Germans of the United States are contemplating a raid on Canada have been given emphasis by a letter received by William Galbraith, former Mayor of Westmount. The letter, which came from the vice-president of one of the biggest railways in the Western States, said:

"I overheard a conversation last night on a steamboat going from Norfolk to Richmond. It was between Germans, and to the effect that all the German singing societies, which are 500,000 strong, are carrying on a propaganda of secret arming and other arrangements for the purpose of attacking Canada from this side."

Steps have been taken to bring this information to the attention of the Dominion Government.

GEORGE HARRIS ABBS DEAD.

George Harris Abbs, collector for 20 years on the Evening Telegram staff, died yesterday in the General Hospital after a prolonged illness. Mr. Abbs is survived by his widow and one son, Charles E. Abbs, residing at 58 Hazelton avenue.

SEVEN HUNDRED STRIKE ON HUDSON BAY LINE

Canadian Press Despatch. WINNIPEG, Nov. 2.—A dispatch from a local paper from Lepage says: "Engineers, conductors, brakemen and watchmen on the Hudson Bay Railroad were notified that their wages per hour would be reduced from 45 cents to 35 cents, 30c, 25c to 22, 40c to 30c, to take effect Nov. 1. The men refused to accept the lower rate and all went out on strike and will hold up construction until settlement is arrived at."

PASSED MEXICAN MONEY.

Albert J. Larz and Vincenzo Diatto were charged in the police court yesterday with passing Mexican dollar bills for Canadian five-dollar bills, and were remanded to November 9th. The bills were valueless.

O'Keefe's

SPECIAL EXTRA MILD STOUT

Many persons, who know that Stout would benefit them, hesitate to take it, fearing it to be too "heavy."

O'Keefe's Special Extra Mild Stout is brewed especially for these people. Retaining all the tonic qualities of Stout it is yet light and easily accepted by the most delicate digestion.

Any dealer can supply you a case.

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