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TEA 55c.  
on Tea. One  
lbs. for 35c.

**FACTORY LOT FOR SALE**  
In East End, 95x227, with railway sid-  
ing.  
H. H. WILLIAMS & CO.  
85 King St. E., Opp. King Edward Hotel

**PROBS: Moderate winds; fair and  
cold.**

# TARIFF TREATY SHADOW ESTIMATES EXCEED \$10,000,000 DIMS ONTARIO'S BUDGET

### Col. Matheson Sees Men- ace to Development of Province in Measure of Reciprocity — Opposition Objects to Classing Pro- ceeds of Crown Land Sales as Current Revenue.

Clear in statement and serious in  
tone, was the budget speech, delivered  
by Hon. Col. Matheson, provincial  
treasurer, before the Ontario Legisla-  
ture yesterday afternoon. The serious  
tone was owing entirely to the crisis  
in regard to the trade of Ontario and  
the Dominion caused by the proposed  
reciprocity agreement with the United  
States.

Hon. Col. Matheson congratulated  
the legislature and province upon an-  
other very successful year. The cur-  
rent account showed receipts of \$8-  
881,004.68; expenditure, \$8,887,520.09,  
leaving a balance of \$3404.59. This bal-  
ance might have been made considerably  
larger by a little book-keeping.

The receipts had exceeded the esti-  
mates, except subsidies which are  
fixed and the T. & N. O. Railway.  
Others were much in excess of the  
estimates. The increase aggregated  
\$890,000, while the decrease in the T. &  
N. O. of \$205,000, left the increase an  
aggregate of \$485,000 over the estimate.

It was very satisfactory to note the  
promptness with which executives had  
paid the succession duties.

In spite of the spread of local option  
the brewers' licenses fees amounted to  
\$5500.

The decrease in the net earnings of  
the T. & N. O. Railway were accounted  
for by the large additional amount ex-  
pended in connection with main-tenance  
of railway. This outlay entailed  
increased expenditures of \$164-  
000, the wage schedule was also in-  
creased to correspond with that of the  
Grand Trunk and the C. P. R.

The T. & N. O. carried 770,000 pas-  
sengers, without one passenger's life  
being lost.

### Imperial Limited Wrecked

REGINA, Feb. 2.—Canadian Pa-  
cific train No. 98 has been wrecked  
at Swift Current. No particulars  
are available.

### MANITOBA BOUNDARIES

Premier Roblin and Hon. R. Rogers  
Confer With Laurier and Fielding.

### THE TRIPLE ALLIANCE

M. Pichon insists that Entente Was  
Never More Effective Than Now.

### A FORMIDABLE INDICTMENT

Russian Minister of Marine Charged  
With Diverting Credits.

### SNOW BLOCKS TRAINS

Fierce Blizzards in West Reflected in  
Late Arrivals at Union Station.

### MAY DROP ATLAS COMMISSION.

## WARNINGS GIVEN TO DEPARTMENT OF FINANCE

### Methods Adopted in Organiza- tion of Farmers' Bank Set Forth in Return of Corre- spondence Brought Down in House of Commons—Man- ager of Branch Complained.

OTTAWA, Feb. 2.—A voluminous re-  
turn was presented to parliament to-  
day by Mr. Fielding at the request of  
Mr. Foster, composed of correspondence  
which reached the finance de-  
partment relating to the transactions of  
the Farmers' Bank. The return re-  
fers to the warnings given as to the  
methods adopted in organizing the in-  
stitution. The latter letters deal with  
various transactions of the bank.

On Oct. 8, 1909, Legation McCarthy  
wrote to Mr. Fielding, enclosing a  
copy of a letter from the manager of  
subscribers to the shares of the  
Farmers' Bank would dispute the  
bonafide character of the subscrip-  
tions. "Grave conditions have arisen,"  
he said, "which require careful con-  
sideration before the treasury board  
grants any certificate for the organiza-  
tion of this bank. In a subsequent  
letter dated Oct. 29, Mr. McCarthy  
again wrote the minister of finance,  
formally asking that the treasury  
board stay any action on the applica-  
tion of the Farmers' Bank for a  
certificate. "I have received informa-  
tion," he said, "that the alleged  
subscribers for shares paid a sum of  
money in cash and have signed notes  
for a large sum of money, and that  
the persons making the notes are not  
the persons who have transferred the  
notes and received the proceeds, and  
that the deposit either has been made  
or will be made of the cash and the  
processes of the notes or a sufficient  
amount to make up \$250,000."

Withdraw His Objections.  
To this Mr. T. C. Boville, deputy  
minister of finance, replied that when  
the application was made by the  
Farmers' Bank for a certificate, the  
representations made in Mr. McCar-  
thy's letter would be laid before the  
treasury board. On Oct. 31, however,  
Mr. Boville again wrote to Mr. Mc-  
Carthy, asking whether the latter still  
wished the protest contained in his  
letters brought before the treasury  
board. Mr. McCarthy replied that his  
clients claim had been settled by the  
transfer of their stock to the bank,  
interested in the bank, the return of  
their money and of the notes which  
they had signed. "The objections  
which I made on their behalf to the  
issue of the certificate are therefore  
withdrawn," he concluded. On Nov.  
27, 1908, W. R. Travers applied for a  
certificate for the bank, enclosing the  
required declaration of assets showing  
\$578,200 of subscribed stock and  
\$291,210 as the amount paid up.

Mr. Boville thereupon referred the  
application to E. L. Newcombe, deputy  
minister of justice, and the latter re-  
plied that the statements in the statu-  
tory declaration of Mr. Travers were  
sufficient—if they were accepted—to  
show compliance with the statute, and  
that the evidence in this case regard-  
ing the transfer of the stock was as  
satisfactory as the treasury board might  
accept and thereupon issue to the  
bank a certificate. However, Mr.  
Fielding wrote on Nov. 30 to Mr. Travers,  
stating that an amendment had been  
made to the motion to go into supply,  
calling upon the government to take  
steps to enquire into the cause of the  
mergers which have become so promi-  
nent in the commercial life of the  
country.

He said that in the course of the last  
two decades at least 20 of these merg-  
ers had been formed, having an au-  
thorized capital stock issue of \$214-  
750,000, of which \$188,075,000 had been  
issued. Touching on the relation of  
these mergers to this customs tariff, Mr.  
Monk stated that in the fixing of the  
tariff it was reasonable to provide  
that proper dividends should be paid  
to the stockholders, but that it was not  
right it should be made possible for  
these concerns to pay dividends on  
watered stock, behind which there is  
no real basis of value.

From the point of view of the public,  
Mr. Monk said that there were two  
serious objections to mergers, the first  
being as he had stated, the mainte-  
nance of the duty in such a way as to  
make the payment of duties on water-  
ed stock possible, and the second that  
the banks engaged in these operations  
were obliged to tie up a considerable  
share of their funds for a long time in  
order to ensure a profit.

Mr. Monk directed a moment to the  
question of the government inspection  
of banks. The difficulty was the num-  
ber of branches banks. When there was  
a questionable transaction, a bank that  
was dishonestly managed might put  
this transaction thru a branch office,  
and so hide it.

## IN CORPORATIONS PASS



AN AWFUL RISK.

## MERGERS SHOULD BE INVESTIGATED

### Mr. Monk Asks For Appoint- ment of a Royal Commis- sion—Situation the Result of Overcapitalization Says W. F. Maclean—The Ex- perience of the United States.

OTTAWA, Feb. 2.—(Special.)—Public  
rights had its innings in the house of  
commons to-day. Two matters of far-  
reaching importance were dealt with.  
The first, dealing with the probable  
alienation of the water power at the  
Long Sault Rapids on the St. Law-  
rence River, was introduced by R. L.  
Borden.

At the evening session F. D. Monk  
(Jacques Cartier) moved an amend-  
ment to the motion to go into supply,  
calling upon the government to take  
steps to enquire into the cause of the  
mergers which have become so promi-  
nent in the commercial life of the  
country.

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were obliged to tie up a considerable  
share of their funds for a long time in  
order to ensure a profit.

## OFFICES FOR RENT

In new Bell Telephone Building, Ade-  
laid, near Bay; space arranged to suit  
tenants; building will be ready in  
about six weeks.  
H. H. WILLIAMS & CO.  
85 King St. E., Opp. King Edward Hotel

## LONG SAULT BILL WAS WARMLY DEBATED

### Measure Before U. S. Congress Discussed in House of Com- mons—All Canada Could Do, Said Sir Wilfrid Laurier, Was to Expostulate — A Question of Navigation.

OTTAWA, Feb. 2.—(Special.)—There  
was a revival in the house of commons  
to-day of the discussion on the pro-  
posal to dam the Long Sault rapids  
on the St. Lawrence. On the motion  
to go into supply R. L. Borden arose  
to draw the attention of the govern-  
ment to the present situation of the  
matter. A bill, he said, was before  
congress in which a company sought  
power to build a dam at this point.  
He pointed out that under the Ash-  
burton treaty the channels of the  
river from shore to shore were to re-  
main open for navigation for ever to  
the vessels of both countries. The  
country was started last year by an  
application to dam the Canadian side  
of the river.

Hon. William Pugsley—"No such  
proposal was before parliament."  
Mr. Borden, somewhat nettled, said  
his recollection was that such a pro-  
posal was before parliament.  
Mr. Pugsley—"The hon. gentleman  
has not read the bill."  
Mr. Borden, with some heat—"I have  
read it and debated it. The hon. gen-  
tleman is far too ready to rise and con-  
tradict."

Canadian Opposition.  
The opposition leader then went on  
to say that the bill now before con-  
gress was opposed by the Canadian  
interests, and a memorial against it  
had been presented at  
Washington.

The bill proposed to dam the chan-  
nel and build a lock on the American  
side, and complete the dam across both  
channels to the Canadian side.  
Mr. Borden declared that the naviga-  
tion of the St. Lawrence was of such  
supreme importance that the control  
of it should not be allowed to go into  
the hands of a private company, and  
an allied corporation at that.

Sir Wilfrid Laurier, after referring to  
Mr. Borden's view regarding the purpose  
of the Canadian bill last year. He  
assured him, however, that before the  
government would agree to the dam-  
ning of the St. Lawrence, from shore  
to shore there would be a full dis-  
cussion of the project. His under-  
standing was that by international law  
a country had the right to put on its  
shores of the stream all great works  
which would not affect navigation, and  
which were deemed for its own ad-  
vantage or for the advantage of its  
citizens.

The Legal Situation.  
Sir Alan Aylesworth explained the  
legal situation. A dam could be built  
on that part of the river under United  
States jurisdiction without reference  
to Canada. If the dam was above  
the height of the water at the head  
of the island it would not affect the  
level of the river, and Canada  
could not object. They could not ob-  
ject to the proposed dam because of  
a height sufficient to alter the water  
level.

Under the new agreement the com-  
pany proposing to develop power on  
the St. Lawrence would have first to  
get the authority of the legislature  
of its own country. Then if the rights  
of the other country were affected the  
right of appeal would be to the inter-  
national joint commission.  
Mr. Aylesworth in reply to John Hag-  
gart, said that the company before it  
could do anything, Mr. Lawrence or take  
any steps there to build its plans  
approved by parliament.  
Mr. Pugsley's Explanation  
Mr. Pugsley took the first opportu-  
nity to deny a statement that the bill  
of last session was to permit the power  
company to dam the St. Lawrence. The  
application was simply for a power  
transmission equipment.  
Mr. Pugsley explained that there had  
been some criticism of the minister  
regarding his proposal about obtain-  
ing power from Waddington on the  
United States side of the St. Law-  
rence opposite Montserrat. He re-  
cently Hon. Adam Beck, chairman  
Hydro-Electric Power Commission, had  
said that the hydro-electric might  
possibly contemplate obtaining power  
from this very same source.  
Mr. Graham declared, amid cheers,  
that the interests of navigation were  
paramount along the St. Lawrence  
and nothing could or would interfere  
with this. If power from the south  
Sault could there be produced with-  
out harm to navigation, and without  
damage to the Canadian side of the  
river, he favored permission being  
given.  
Could We Get the Power.  
Dr. Reid (Greenfield)—"Could we get  
that power in Canada?"  
Mr. Graham said he thought that an  
agreement could be arrived at whereby  
so much power would be available for  
Canadian use.  
Judge Doherty (St. Anne's) taking  
up Ashburton treaty, showed a  
specific clause which referred to the  
channels at this particular spot, which  
declared that they would be free and  
open to navigation by vessels of both  
countries forever. He said that the  
treaty foresaw just such a con-  
tingency as has arisen. Canada had  
a strong case to present at Washing-  
ton.  
Fur Stock-Taking Sale.  
February is the large bargain month  
for fur goods. No better time to buy  
than right now, because the furriers  
must turn some of their large holdings  
into cash before the spring comes. The  
Dineen stock-taking sale should ap-  
peal to all who are looking for real  
bargains in furs.

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