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U. S. NOT DISPOSED TO PURSUE DIFFERENCES WITH BRITAIN

Washington, February 18.—Comment on Sir Edward Grey's full reply to the American protest against the British interference with neutral shipping is withheld in official circles. It is known, however, that the strength of the British position is recognized. It is also conceded that many of the contentions that the United States raised in the original note have been rendered valueless by succeeding events, such as the German war zone declaration and the complete blockade of all German ports by Great Britain.

There is said to be no disposition in Washington now to pursue further the differences with Great Britain over the seizure and detention of American vessels in view of the much more dangerous problems before the American government.

With Germany placing her submarine blockade of England into effect, Administration officials hid their apprehension over the situation under a spirit of confidence that no disaster possibly could befall American merchantmen in the British waters.

GERMAN PAPER NOW THREATENS UNITED STATES AS NON-NEUTRAL

Berlin, February 18 (via Amsterdam).—Criticism of the attitude of the United States by the press reached a climax to-day when the Koelnische Zeitung editorially warned that country that if it misinterpreted Germany's conduct after receiving the reply from Berlin to Washington, it would no longer be regarded as neutral.

The newspaper printed the following comment on the German reply to the note from the American government: "The German point of view cannot be explained in a more serious or conciliatory way. This note meets the American view to the utmost by advising a convoy for mercantile vessels of warships. 'Whoever, after this note, still misinterprets the sense and nature of Germany's conduct will, as far as we are concerned, be out of the ranks of the neutrals.'"

GERMAN REPLY TO U. S. FIRM

Berlin, February 18.—Germany's reply to the note of the United States protesting against a submarine blockade of the British coast set forth firmly the position of Germany but at the same time the document is couched in cordial terms and shows a spirit of friendliness toward America.

The German reply which has been transmitted to Washington by the American Ambassador James W. Gerard says that Germany's drastic naval policy toward Great Britain was made necessary by the attempts of England to cut off the food supply of the German population.

One of the proposals contained in the document is the suggestion made by the United States at the outbreak of the war, thus enabling Germany to import food and raw material.

With this ratification, it is pointed out, Germany would be in a position to modify her maritime policy.

UNION TANK LINE CO.

New York, February 18.—Union Tank Line Company has declared a dividend of \$2.50 a share, payable March 25th to stock of record May 4th. The annual meeting of the company will be held on April 14.

FIVE BRITISH MERCHANTMEN SUNK

Rome, February 18.—German cruiser Kronprinz Wilhelm has sunk five British ships off the east coast of South America.

Rome, February 18.—Steamers sunk by the Kronprinz Wilhelm were the Highland Breeze 4,824 tons, the Semantha 1,811 tons, and the three masted schooner Wilfred M. 139 tons. No dates are given.

LOST.

On Thursday morning, in a street car on the street between Sherbrooke Street and the centre of the city, a pair of eye glasses. Finder will be rewarded on returning them to 275 Bishop Street.

MATINEES
Tuesday, Thursday, Saturday.

RESERVED SEATS
AT 25c

GERMANY STRUCK NO BLOW IN "WAR ZONE"

Still Hopes United States can Prevail Upon Britain to Relax her Vigilance

TEUTONS ARE STARVING

So Desperate is the Situation Reported that German Government is About to Require 5,000,000 With Assured Incomes, to Go Abroad As Tourists Until War Ends.

(Special Cable to Journal of Commerce)

London, February 18.—With coasts guarded by a cordon of warships, Great Britain awaits to-day for Germany to attempt to strike the first blow in her announced policy of ruthless destruction of British shipping in the new "war zone," even though American and other neutral shipping be imperilled. The first day has so far passed without such a blow.

A summary of the German reply to the American protest received from Berlin closes with an expression of hope that the United States will prevail upon Great Britain to permit Germany to import food and raw materials.

A Copenhagen despatch to the Daily Mail says that it is reported from Hamburg that commanders of German submarines have been instructed to regard all merchantmen conveying anything to England through the war zone as enemy vessels, illegally operating; to approach and strike unseen, if possible, without concern for the fate of the crew, and, according to the report, without previous examination.

The Kaiser is reported to be about to return from the Eastern Headquarters to go either to Cuxhaven or Heligoland to await the return of his undersea raiders, if they escape the British boats guarding the British coasts.

The German reply to the American protest against the submarine blockade, according to Berlin despatches, is most friendly in tone, but firmly maintains the German position as announced. "The naval procedure," the note states, "is not aimed at legitimate commerce of neutrals, but represents only a measure of self-defence imposed upon Germany by her vital interests against England's methods of warfare, which is contrary to international law."

The British reply to the American note of December 28th, against interference with trade between the United States and neutral countries, explains Great Britain's attitude on allowing food stuffs to reach Germany.

It contends that the distinction between food meant for civilians and that meant for the military disappears when the distinction between the civil population and armed forces is obliterated by the enemy country.

It is declared that the wheat situation in Germany is worse than generally believed, and the greatest economy will have to be observed while waiting for the new harvest.

The Copenhagen correspondent of the Daily Telegraph says a report is current that the food situation is such that the German Government intends to order 5,000,000 Germans, who have assured incomes, to go to neutral countries as tourists and remain there during the war.

While little news has come from the eastern front, it indicates that gains have been made against the enemy in France.

The gains to the northwest of Perthes, in the Champagne country, have been followed up vigorously, with the result that the French captured positions on a front eight hundred metres in extent.

On the line north of Mesnil les Eglises, and Beauneville, German counter-attacks have been repulsed, and some of their bomb throwers captured.

Further west, toward Rheims, several hundred metres of trenches taken near Lorraine have been organized.

Two lines of trenches have been taken near Arnas, where a number of German officers have been killed.

NO "PROTEST" FROM BRITAIN.

London, February 18.—British Government to-day rejected a proposition to protest to President Wilson against "gambling" in wheat and other grain futures.

DANGER OF WAR REMOVED.

London, February 18.—Turkey has apologized to Greece for the arrest of the Greek naval attaches at Constantinople, according to a despatch from Athens, and danger of war between the two countries has been removed for the time being.

FRENCH STATEMENT SHOWS STEADY GAINS ALONG LINE

Paris, February 18.—The official communication follows: From the sea to the Oise there was nothing new during the night.

In the Valley of the Aisne and in sector of Rheims there were artillery combats in which our batteries gained advantage. In the campaign in the region of Perthes all the ground gained yesterday and the day before has been held.

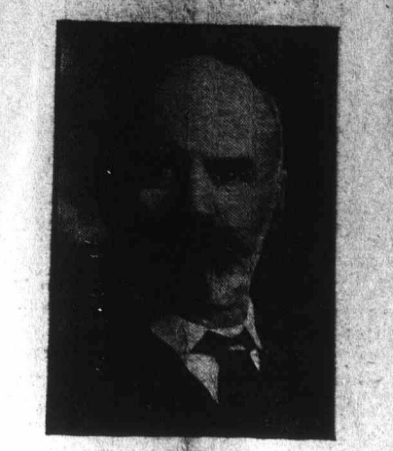
Among prisoners we captured February 16th and 17th are officers and men of the sixth and eighth corps, and of several reserve regiments. In Argonne we have likewise maintained a gain realized in the Forest of Grurie to the south of La Fontaine aux Charnes. We have, on the other hand, made some progress in the region of Bourlennes against Hill No. 263.

Our success between the Argonne and the Meuse, reported in the communication of the night of February 17th made us masters of the wood south of the Forest of Cheppy.

In addition, we gained a distance of 400 yards to the north of Malacourt, and nearly as much to the south of the Forest of Forges. All these gains were held.

THE KAISER CONFERS.

Copenhagen, February 18.—Emperor William held a long conference with his ministers at Berlin, according to a despatch received by the Politiken.



COL. W. I. GEAR, who presided at the annual meeting of the Crown Trust Company, held here to-day.

Men in the Day's News

Mr. S. S. McClure, the well-known publisher in the United States, was not born in that country but in County Antrim, Ireland, fifty-eight years ago yesterday. After a short journalistic career in New York, he established in 1884 the McClure syndicate, which was the first newspaper syndicate in the United States. He founded McClure's Magazine in 1893, of which he has been editor ever since. Since that time he has established a number of other publications until to-day he is one of the largest and wealthiest publishers in the neighboring Republic.

Mr. C. E. Neill, who has been elected a director of the Dominion Power & Transmission Company, is assistant general manager of the Royal Bank of Canada. He is another example of a young man from "Way Down East" who has made good. He was born in Fredericton, N.B., in 1873, and educated in that city. As a young man he entered the banking profession and made rapid progress, eventually becoming manager of the Royal Bank at Vancouver, then supervisor of branches, later chief inspector and since 1907 assistant general manager. Mr. Neill is generally regarded as the man who formulated the terms by which the Royal Bank acquired the Traders Bank.

Col. W. I. Gear, who presided at the annual meeting of the Crown Trust Company held here to-day, is vice-president of the Robert Reford Company, an expert of the Bank of Toronto and of the Crown Reserve Mining Company. He is best known, however, for his work in connection with transportation. For a great many years he was associated with the late Robert Reford and was largely instrumental in the building up of the very large and lucrative business which that firm now possesses. He is probably the best informed shipping man in Canada to-day. Col. Gear is also an active figure in connection with the Home Guard movement, being in command of one of the companies.

Lieutenant-Colonel J. R. Moodie, who presided at the annual meeting of the Dominion Power and Transmission Company, of Hamilton, is not only president of that company, but is also president of the Eagle Knitting Company, a director of the Imperial Cotton Company, and associated with other financial and industrial concerns. Colonel Moodie, who started his business about a score of years ago, was the first man in Canada to use electricity in connection with a spinning mill. When he put in individual motors he was laughed at by some wisecracks, but to-day they are willing to admit that he has one of the best equipped mills in the country. Outside business, Colonel Moodie's chief interest is in militia matters, being a Regiment of Canadian Highlanders. In politics, he is a Liberal, and in religion a Presbyterian.

John Redmond, leader of the Irish Nationalists, and prior to the outbreak of war the chief power in the movement for Home Rule, has loyally co-operated with the rest of the Empire in its fight against Germany. One of the theories held by the Germans was that if Britain became involved in a conflict that Redmond and Carson would fly at one another's throats, or in other words, that civil war would break out in Ireland. Their subsequent actions have been a keen disappointment to the Kaiser and his war lords. Redmond was born in 1856, and entered Parliament in 1881. He is not only the leader of the Irish Nationalists, but is one of the outstanding figures in British politics, due largely to his oratorical powers, his executive ability, and to his whole-hearted devotion to the cause which he has espoused. By many he is regarded as the most eloquent man in British public life to-day.

Mr. Stewart Lyon, associate editor of the Toronto Globe is probably the best all-round newspaper man in Canada. An example of his versatility is shown by the fact that the very able war summary, which the Globe has been featuring since the outbreak of the war, was long regarded as the work of a military expert. As a matter of fact, the summary, which is undoubtedly the best published, is written day by day by Mr. Lyon. This thoroughness is one of his chief characteristics. In turn, he has mastered every department of a newspaper's activities until he has become one of our best-informed and most efficient newspapermen. A short time ago the Globe tendered him a banquet on the occasion of his twenty-fifth anniversary with that paper. Mr. Lyon was born in Scotland, but came to Canada as a young man, and after a short time in business life entered journalism. He works anywhere from seventeen to twenty-four hours a day, being buoyed up by his interest in his work and by the thought of his annual vacation when he goes swimming. He takes as much pleasure out of a swimmer's hole as any schoolboy ever did.

G. T. R. & C. P. R. APPLY FOR INCREASED RATES

Decline in Return on Investments Necessitates Obtaining Higher Revenue From Freight

CLASS RATE ADVANCES

Companies Ask 2 Cents Per 100 lbs. on First Class and 1 Cent per 100 lbs. More on Fifth Class Rates — The Application.

Urging that the rate of return on the investment of the companies has seriously declined officials of the Grand Trunk and Canadian Pacific Railways have prepared an application for increased freight rates, which will be presented to the Railway Commission shortly. The increases asked for are comprehensive including almost every variety of freight carried.

The application was drawn up at a conference held in the Grand Trunk Board Room between Mr. J. E. Dalrymple, vice-president, and Mr. C. E. Dewey, freight traffic manager of the Grand Trunk, and Mr. W. R. MacInnes, freight traffic manager, and Mr. W. Kirkpatrick, assistant freight traffic manager of the C. P. R., which was concluded last night.

The application is as follows:

It is in the interest of the country at large as well as of the companies and their shareholders that further revenues should be obtained from the carriage of freight traffic. The rate of return on non-operating income upon the property investment of the companies has seriously declined. The principal cause of this decline is the steady and constant increases in operating expenses due to matters of continuing character such as wage increases, legislative requirements and the necessity of maintaining a higher standard of track, equipment and facilities generally. The return upon money invested in railway facilities in the territory in respect of which increases in rates are asked is unreasonably low and inadequate.

The effect of these factors is to seriously diminish the borrowing powers of the companies and compel the obtaining of necessary capital at much higher rates of interest thereby increasing fixed charges, which must be met out of the net earnings which have been decreased and will in all likelihood be further decreased by the necessity of paying higher rates of interest on any moneys borrowed.

Resources Limited.

In consequence of the exceptional conditions at present existing, various money markets previously open to the companies are now closed, the result being to very materially limit the sources from which money may be obtained. Among other grounds the companies will urge as a reason for the proposed increases the fact that after a full hearing the Interstate Commerce Commission recently made an order increasing the rates in the official classification territory to the south notwithstanding the fact that in the opinion of the applicants the conditions under which the companies were there operating were much more favorable than those which apply to the applicants.

To meet in some measure the conditions outlined, changes in various freight tariffs, class and commodity, are proposed, it being asked that goods carried under Canadian freight classification ratings and class rates be advanced 2c per 100 lbs. first class, and 1c per 100 lbs. fifth class; rates for other classes to be figured on the usual basis, subject to standard mileage class rates as a maximum.

On freight traffic carried on commodity rates the following advances are proposed:

Coal and coke, 10c per ton.
Sand, gravel and crushed stone (except stone for fluxing), 5c per ton.
Billets, pig iron, wire rods, nails, trap ends, ferro silicon, iron ore concentrates, crude oxide of iron, mill clinder.

Where present rate is Proposed Advance
\$1.49 per ton or lower 5c
\$1.50 per ton to \$2.49 10c
\$2.50 per ton to \$3.49 15c
\$3.50 per ton to \$4.49 20c
\$4.50 per ton to \$5.49 25c
\$5.50 per ton to \$6.49 30c
Pulpwood, cordwood, paving blocks, logs, stone, artificial stone.

Where present rate is Proposed Advance
7 1/2c or lower 5c
Over 7 1/2c but not exceeding 12 1/2c 10c
Over 12 1/2c but not exceeding 17 1/2c 15c
Over 17 1/2c but not exceeding 22 1/2c 20c
Over 22 1/2c but not exceeding 27 1/2c 25c
Alum, tan bark, stone dust, coopers' stock, strypsum
(Continued on page 5.)

Capital Not Yet in Sight to Re-organize Hewson Textiles

(Special to the Journal of Commerce)

Halifax, N.S., February 18.—Efforts are still in progress to find capital to reorganize the Hewson Pure Wool Textiles, Ltd., and get the plant going again to undertake war orders that are valuable.

Three-fourths of the bond and shareholders have signified their willingness to agree to any arrangement which would enable the company to be reorganized after foreclosure and to start again under a new name, but one-fourth are strongly opposed and refuse everything except that they be paid in full for their holdings.

The greater part of this fourth, or the most determined of them, are bond and shareholders in Prince Edward Island.

To meet this situation friends of the Hewson Company which would not only provide funds to start operations but also buy out this one-fourth interest.

Were this found possible, or impossible, then a meeting would be called when foreclosure proceedings would be consented to.

The committee having the matter in charge expect to reach a decision towards the end of the week.

As matters stand now there seems to be very little hope that the required funds will be forthcoming to buy out the recalcitrant one-fourth as well as to obtain working capital for the new company.

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Collections Effected Promptly and at Reasonable Rates

GERMANY VIGOROUSLY DEFENDS HER POLICY REGARDING WAR ZONE

Berlin, February 18.—Germany's reply to the United States note says, in part:—

The Imperial Government has examined the communication from the United States Government in the same good-will and friendship by which the communication seems to have been dictated. The Imperial Government is in accord with the United States Government in that for both parties it is to a high degree desirable to avoid any misunderstanding which might arise from measures announced by the German Admiralty and to provide against the occurrence of incidents which might trouble the friendly relations which so far happily exist between the two governments.

With regard to assuring these friendly relations the Imperial Government believes it may all the more reckon on a full understanding with the United States as the procedure announced by the German Admiralty which is fully explained in the note of February 4th, is in no way directed against legitimate commerce or legitimate shipping of neutrals, but represents solely a measure of self-defence imposed on Germany by her vital interests against England's method of warfare which is contrary to international law and which so far no protests by neutrals have succeeded in bringing back to the generally recognized principles as they existed before the outbreak of the war.

Regarding the flag question the German Government recommends that American ships avoid the war zone around England.

Hope is expressed that the United States will fully respect the struggle of Germany for her national existence and will fully understand and appreciate the motives which impelled the proclamation of a war zone in English waters.

The German Government also suggests that the United States Government cause all American ships passing through the war zone waters to be convoyed by warships flying United States ensign. Though the German Government inclines to consider every measure possible to guard the shipping of neutral nations there are two circumstances which demand consideration:

FIRST—The use of foreign flags by British merchantships.

SECOND—The carrying of contrabands of war in merchant ships of neutral countries.

In regard to the carrying of contrabands of war in neutral ships the Imperial Government expresses the hope that the United States Government will be induced to observe the conduct which is in agreement with a real spirit of neutrality.

It is pointed out that Germany has ample time—14 days—for neutral countries to prepare to meet war zone conditions. The lengthy document vigorously defends Germany's present course throughout.

AUSTRIANS TAKE MANY PRISONERS

Vienna, via Berlin and Amsterdam, February 18.—The official statement follows:

After two days of hard fighting we captured Kolomea on February 16th. Stubborn encounters occurred south of the town near Klucow and Wisnitz before Kolomea was taken.

The Russians made a strong effort to hold Kolomea, moving up considerable reinforcements for its protection.

Their vigorous attacks were repeatedly repulsed as our troops advanced. We captured 1,000 prisoners, several machine guns and two cannon.

Hard fighting which has taken on the aspect of a general battle continues in the Carpathians as far as Wyszekow. Our troops have brought in 4,040 more prisoners.

NO NOTE TO JAPAN ON HER DEMANDS UPON CHINA

Washington, February 18.—Secretary of State Bryan to-day denied the report that the United States Government has addressed a note to Japan respecting the Japanese demand on China for concessions in Manchuria, Mongolia and Shantung.

"I have had conferences with the envoys of both China and Japan upon the subject," said the Secretary, "but the matter has not reached a stage calling for diplomatic intervention by the United States."

GREECE ACCEPTS APOLOGY

Athens, February 18.—Official announcement has been made that Greece has accepted the Turkish apology for the arrest of the Greek Naval Attaché at Constantinople, and that the incident might be regarded as closed.