WEATHER: FAIR

The Journal of Commerce

THE BUSINESS MAN'S DAILY

Vol. XXIX. No. 43

MONTREAL, THURSDAY, JUNE 25, 1914.

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A General Banking Business Transacted

PANHANDLE ACTION WAS EXPECTED

Passing of Dividend Was in Line With Predictions on Street

EARNINGS DECREASE

Company Issues Statement Showing That in Face of Great Decrease in Earnings Dividend Inadvisable.

(Special to The Journal of Comerce.)

Philadelphia, June 25.—The action of directors in passing the common dividend and reducing the second preferred dividend on Pittsburgh, Cincinnati, Chicago and St. Louis Railway (Panhandle shares, was in line with expectations of those in close touch with Pennsylvania Railroad affairs.

Hereafter the company will declare dividends half yearly instead of quarterly.

The management late yesterday afternoon issued this statement:

"The company in recent years has declared 5 per cent. dividends per annum on both the classes of stock, including the year 1913, when that company and other lines in the same territory suffered severely from the disastrous floods.

"In the latter year, the company failed to earn the dividend paid to the extent of $2,600,000, but the directors believed it a wise policy to continue the dividend at the regular rate, and utilized a large part of the surplus from previous years for that purpose.

"In March, 1914, however, the directors deemed it prudent, in view of the large decrease in gross and net earnigs, to reduce the dividends and declared a dividend of 1 per cent. on the preferred stock and ¾ of 1 per cent. on the common stock.

"Since that time conditions have not improved, there having been a continued and increasing decline in gross earnings, and directors decided that reduced earnings of company did not justify declaration of any dividend on common stock, and declared a dividend on the preferred stock of ½ of 1 per cent."

Earnings.

Earnings of the Pittsburgh, Cincinnati, Chicago & St. Louis Railway for the first four months of this calendar year were close to $1,000,00, or about 7 per cent. off in gross. Net after taxes, $1,719,996, was $600,000 better than in 1913, but $1,100,000 behind the net for the corresponding four months of 1912 and $800,000 under 1911. In March, 1913, the floods in Ohio literally broke this road into detached pieces.

For the entire calendar year 1913 the road reported surplus after fixed charges of $630,000, but nevertheless paid the full 5 per cent. dividends on both common and preferred stocks, amounting to $3,232,542, and involving a charge to profit and loss surplus on that account of about $2,600,000. The year's total maintenance charges increased by $2,800,000.

At the March meeting of the board, when the preferred dividend was reduced to 1 per cent. and the common to ¾ per cent. quarterly, the following statement was made:

"In view of the decline in gross and net revenues of the company in the later part of 1913, and so far in the present year, and as there are still large expenditures to be made in the current year for the flood damage of 1913, the directors deemed it prudent to reduce the dividend," etc. Since then gross earnings have not substantially improved. April alone was about even with last year, but May earnings, not yet reported, were poor.

P. C. C. & St. Louis common, following the announcement of passing of dividend, sold down to 69¼, a loss of 8¾ points from yesterday's close, and is the lowest at which it has sold since 1908.

WITNESS PLEADS DUTY TO CLIENTS

Mr B. Hal. Brown Assures Commission There is Nothing to Conceal

AMOUNT DIVERTED

Was Allegation of Mr. Carvell, Who Insisted Upon Following Disposition of this Amount to Its Ultimate Destination.

(Special Correspondence.)

St. John, N.B., June 24.— At the resuming of the Dugal charges inquiry this morning it was announced that the timber limits matter would not be taken up next Monday, but the Valley Railway inquiry would go right along. The timber lands investigation being taken up later. Mr. Carvell said they wanted to get W. H. Berry back, and would do so if possible.

Mr. B. Hal Brown, of the Prudential Trust Company, resumed his evidence. He said the Dominion Steel Co. would not supply the rails until a draft was accepted, but the draft was not paid until the rails were delivered. The witness was taken through a feature of the road's finances.

Loan of $300,000.

In the course of the evidence, it transpired that a loan of $300,000 had been made by the trust company to the railway company. There was an agreement to deduct ten per cent. from amounts due the railway company in repayment of this.

The witness, in reply to one question, said while there was nothing to conceal, they had a certain duty to their clients, and he did not believe they should be called on to reveal the private banking affairs of clients unless to show something irregular or corrupt, and he was sure there was nothing of that kind in the accounts of the Quebec and St. John Construction Co.

Mr. Carvell said, "A very important matter has been revealed. A private company, the Quebec and St. John Construction Co., borrows about $350,000 from this company (the Prudential Trust), and now we find that the proceeds of these bonds on progress estimates are being used to repay that loan. Probably $1,000,000 has been paid in that way, and we want to know where the money went."

Witness—"There is no machinery to compel us to produce anything. We have come here and shown the disposition of the government funds, which were entrusted to us. Further than that I do not see why we should be asked to reveal private affairs of other client."

Mr. Carvell—"We have evidence of the diversion of $200,000 to a construction company, and I believe that we have a right to follow it."

Witness—The payments are authorized by the Government.

Mr. Carvell—We are assuming that the money has been diverted from its proper channel. Here the matter rested when the Court arose for lunch.

RUMORED HITCH IN C.N.R. BOND ISSUE

Government Insisting Upon Conditions to Which C.N.R. Object

WANT MINIMUM PRICE

Government Does Not Wish to Have Face Value Sacrificed Any More than is Absolutely Necessary.

(Special Correspondence.)

Ottawa, Ont., June 25.— It is stated here on good authority that there is a serious hitch in connection with the issue of the Canadian Northern bonds provided for in the legislation passed in Parliament last session.

The report is to the effect that the Government is insisting upon certain conditions being placed in the mortgage, which the heads of the Canadian Northern claim are not provided for in the act.

The Government, it is stated, desires that a minimum price be fixed for the selling of the issue, so that there shall be as little sacrifice of the face value

Winnipeg Ry.—10 at 190¾, 4 at 191¾

the Government desires to place certain conditions in the mortgage as to the time when the bonds will be offered for sale on the London market.

The Government does not desire that the whole amount of the issue shall be floated at present, when its own most recent loan has not yet been taken up by the public in its entirety. It is understood that there are certain other conditions insisted upon by the Government, which are causing the present hitch.

As a consequence of this hitch, it is understood that Sir William Mackenzie has been borrowing on his own security in the New York market in order to tide over the situation utnil the matter has been finally settled.

$25,000,000 FAILURE.

For full details of Big Claflin failure, amounting to upwards of $25,000,000, see page 7.

MUCH GOLD HAS BEEN EXPORTED TO PARIS.

New York, June 24.—Lazard Freres have engaged $4,000,000 gold for shipment to Paris this week. This will bring the total amount exported on the movement up to $58,800,000, and, since the first of the year, up to $74,800,000.

EXPERTS SAY SHIPS MOVING WHEN COLLISION OCCURRED

Empress Struck By Storstad at Angle of 40 Degrees According to Mr. John Reid, Naval Engineer

RUDDER WAS TOO SMALL

Witness Said Empress' Rudder Was in His Opinion One-third Smaller Than Should Be the Case and that Construction Would Tend to Make Her a Hard Vessel to Steer—Directly Contradictory to Yesterday's Evidence.

(Special Correspondence.)

Quebec, June 25.—Point blank contradiction between experts marked the closing scenes of the Lord Mersey investigation into the sinking of the Empress of Ireland, the divergence in their evidence being as marked as that between the statements of the Empress and Storstadt.

Mr. John Reid, naval engineer of Montreal, was on the stand most of the morning and gave expert testimony which varied absolutely from that given yesterday by Mr. Hillhouse. Mr. Reid said he had carefully examined the Storstadt's injured bows and from their condition he had reached the conclusion that the Storstadt had struck the Empress at an angle of 40 degrees and penetrated her side 8 to 10 feet. Then he figured that the Storstadt must have swung around about 100 degrees and got out of the hole in the Empress' side. He thought that this swing must have been caused by the fact that the Empress had a forward motion when struck.

Mr. Reid was very emphatic regarding the steering quality of the Empress, saying it was a matter of common knowledge that she was not a good steering vessel. He considered that the extraordinary fullness of her stern would be liable to cause eddies which would affect her rudder and interfere with her steering qualities by preventing the water from flowing evenly into her rudder.

Rudder Too Small.

To Lord Mersey Mr. Reid said that in his opinion the rudder of the Empress was very small, being only 1.53 per cent., whereas the best practice called for 2.4 per cent.

Lord Mersey—"That is a very serious statement. Is it your opinion that the Empress' rudder was 1-3 too small?"

Mr. Reid—"In my judgment the rudder should have been a third larger than it was."

Lord Mersey—"Would the stern of the Storstad have swung around in that arc of 100 degrees if her screw had been going full speed astern?"

"No, but it would have a tendency in that direction."

Just before adjournment Mr. Aspinall briefly cross-examined Mr. Reid as to how the collision occurred.

Mr. Aspinall—"Do you consider that the Storstadt drove herself into the side of the Empress?"

Mr. Reid—"Yes. I think she did."

Lord Mersey at once seized this point and sharply cross-examined the witness who modified his statement to the extent of declaring that in his opinion both vessels had been moving at the time of the collision and that the impact had been mutual but he could not estimate the speed of either boat.

In the early part of the morning Miss Townshend, one of the surviving passengers from the Empress, told a dramatic story of her rescue after walking off the side of the sinking ship into the sea. She told how she had to tread water and got another passenger who had a life preserver, to help her take off her coat so that she might swim, but that unfortunately she could not get her boots off in the water. Miss Townshend said she had no life preserver and when she had tried to get assistance from other male passengers who had life belts, they had shaken her off until finally one who had a big suit case as well as life belt, gave her the suit case and helped her get her clothes off. Miss Townshend insisted that she could only remember the three short blast signals and then finally two blasts. It is evident that the evidence is nearly all in. This afternoon Mr. Aspinall will cross-examine Mr. Reid and the arguments will probably start to-morrow morning.

Empress Steered Well.

The evidence of Mr. Hillhouse, Engineer of the Fairfield Shipbuilding Company, which constructed the Empress of Ireland, was the most important taken yesterday and in a way showed that the expert testimony would be of just as contradictory a nature as that previously given by the navigating officers of the two ships. His evidence was almost entirely technical in character. He expressed the opinion that the Storstadt had struck the Empress at an angle of eighty degrees and here Mr. Haight stated to the Board that Mr. Reid, expert of the Storstadt, would state that the angle of collision was 40 degrees.

Other evidence was put in by Mr. Hillhouse to the effect that the Empress of Ireland steered well, and had generally been built in a much better manner than the regulations actually demanded with every possible precaution for the safety of the passengers and crew. It was this which had caused him so much amazement at the rapidity with which the Empress had sunk after the collision. Later he said he had figured out that the Storstad had smashed a hole 350 feet square in the side of the Empress, which had admitted a volume of 250 tons of water a second, while the bows of the Storstad, sticking into the hole they had broken, must have started the list to starboard, which would then go on instantaneously with the terrific inrush of water. It was plain to Mr. Hillhouse that at least two bulkheads had been smashed in, while any portholes left open would of course aid the inrush of water and the rapidity of the sinking of the vessel.

PUBLIC TRUSTEE HANDLES HUGE FORTUNES UNCHECKED

Official of British Government Created In 1907 Not Responsible To Any Minister—$600,000,000 At His Disposal.

(Special Staff Correspondence.)

London, June 25.—The fact that the Empress of Ireland disaster relief funds in this country are to be administered by the Public Trustee has served once again to focus public attention upon the anomalies of that official's position.

The Official Trustee was established in 1907, and since that date business to the extent of $600,000,000 has passed through his hands, while the salary list of his subordinates runs to over $200,000 a year.

His position is extraordinary. He is under no Government department, and his discretionary power is without limit. He is responsible to no Minister in either house of Parliament, and though he must report periodically to the Lord Chancellor the latter does not exercise supervision over him.

The significance of this state of things can best be realized when it is remembered that this official, absolute in his discrefionary power, holds securities amounting to the enormous sum of $209,568,535, representing the accumulations between 1907 and 1914. Thus he controls more capital than any other single person in the United Kingdom. His Stock Exchange and Mortgage transactions must be enormous, and his power of patronage (stockbrokers, valuers, solicitors, etc.,) are only less so.

In Home Rails alone he holds $41,222,200, whence it is clear that at company meetings his views and vote on such questions as railway men's wages, mergers, and so on might be of national importance. The same observation applies to his untrammelled views regarding any particular class of investments. In measurable time he will have, practically, the whole security market under his control. In a measurable future, his total investments may be expected to reach $500,000,000; and within a period of twenty years three thousand million dollars is by no means an out of the way possibility.

It is little wonder that the position of the Public Trustee has now come under serious discussion, and that important changes are being pressed for.

The table below is drawn up by Sir George Riddell, and gives a list of the principal investments held on March 31st, 1914, by the Public Trustee:

British Funds	$15,340,000
Corporation Stocks, U. K.	12,680,000
Colonial Government Securities and Colonial and Foreign Corporation Stocks	32,382,000
Foreign Stocks, Bonds, etc.	5,163,000
Railways, Home	41,222,000
Railways, British Possessions	14,900,000
Railways, Foreign	15,753,000
Commercial & Industrial	8,854,000
Gas, water, electric light, canals and docks, telegraph and telephone and tramways	8,979,000
Financial Trusts, Land and Investment Bank, etc.	16,272,000

INDUSTRY ACTIVE

General Manager of Ford Company in England Says Trade Unprecedented.

(Special to The Journal of Commerce.)

New York, June 25.—That the automobile industry continues active abroad was the statement to-day of P. L. D. Perry, general manager in England for the Ford Motor Co.

"England has been enjoying an unprecedented trade boom for the last three years," Mr. Perry declared. "Work has been plentiful and many people have been making money. This perhaps has benefited our business more than any other one thing, for the Ford plant is increasing its output more rapidity than any other. Although established a comparatively short time, we are turning out more cars than the five next largest plants put together, and are increasing our capacity as fast as possible. We seem to have entered the British field at the psychological moment."

HE FAVOURS PUBLIC OWNERSHIP

John Wanamaker Thinks This Solution of Many Economic Problems.

CAUSE OF UNREST.

Employer of Labour Tells Federal Industrial Commission that Ignorance and Prejudice Build Wall Between Labour and Capital.

Philadelphia, June 25.—Public ownership of public utilities was approved, but in qualified terms, by Mayor Blankenburg, and in unqualified terms by John Wanamaker before the Federal Industrial Commission hearing here.

When Mr. Wanamaker was asked point blank whether he favored public ownership he said briefly: "I do." He did not qualify his approval, but later he amplified it by stating that he had worked for the parcel post and postal saving bank and added that if the Government owned the railroads "we would have one cent postage."

When Mr. Wanamaker was asked what he believed to be the real cause of the present industrial unrest he said it was "ignorance and suspicion on the part of the workers." He added that closer contact might help to solve the problem.

Mayor Blankenburg went into detail as to the workings of the city government. He told of the "ring" that once ran the gas works when they were owned and controlled by the city and said that the experience of that time, the poor gas furnished and the fact that the plant was managed for the benefit of a political party had "disgusted the people of Philadelphia with public ownership."

Touching on the trolley strike of February, 1910, the Mayor told regretfully of the "rioting, bloodshed and loss of money caused by this unnecessary strike." Asked by Mr. Weinstock whether he did not believe in public ownership as an objective point for every city to work toward, the Mayor said:

"Yes and no. I believe in public ownership as a goal, but—how far off? that is the question. I do not think it should be reached until we have achieved a more fully awakened and aroused civic spirit."

Mr. Wanamaker was recalled to the stand and Mr. Weinstock explained again the function of the commission.

"Congress has called upon us to solve not only the municipal but the State and national problem in trying to find out just what is the missing link between labor and capital. In your opinion what is this missing link?"

"I would say that it is composed of prejudice and misunderstanding," he replied. "Prejudice has to-day built up a Chinese wall between labor and capital. Of course workmen have just as much right to ogranize as capital, but it is unfortunate that many poor men carry chips on their shoulders. But we must realize in the final analysis that all wealth is made by labor proper."

Mr. Wanamaker was asked if he knew any way in which this prejudice could be done away with.

"One way," said Mr. Wanamaker, "is to unhitch labor organizations from politics."

"Do you know of any better way in which to obtain industrial peace than by trade agreements?" asked Mr. Weinstock.

"Trade agreements have this weakness," answered Mr. Wanamaker. "The employer who enters into the agreement is saddled with a great responsibility, while labor has no such responsibility. I will say that in later years a much better class of men has come into the lead of the majority of labor organizations."

The attention of Mr. Wanamaker was called to the fact that some organizations, among them the typographical union and the railroad men's union, have never been known to act in bad faith with an employer after a trade agreement.

Mr. Wanamaker said that the fault with organized labor was not so much its integrity as some of its other features. He mentioned the way in which the number of apprentices is limited in some trades.

Mr. Wanamaker said he did not approve an arbitrary minimum wage for women.

"The minimum wage, to my way of thinking, would work a hardship upon those at the bottom," he said. "In other words, the plan would work out in such a way that those not capable of earning the minimum wage would not be employed at all."

USE OF ELECTRICITY

How to encourage the sale and use of electrical heating and cooking devices with a view to increasing the consumption of electricity, was the subject which occupied the attention of the Canadian Electrical Association at this morning's meeting in the Ritz Carlton.

Mr. Harold S. Brown, of the Canadian General Electric Company, illustrated by means of statistics the great importance to companies supplying electricity of popularizing the use of electrical appliances both in domestic and in business work. In impressing on the convention the large amount of business which could be derived from this source, Mr. Brown said:

"Continual progress and development in design have practically eliminated the objectionable features which were formerly experienced with the use of such devices, so that they are now durable, efficient, and economical. Another distinct advantage is the present popular selling prices of these appliances, which can no longer be considered as luxuries. An increase of fifty or seventy-five cents per month from each one of the many residential customers would obviously result in an appreciable gross revenue to the Central Station.

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A.B.C. CONFERENCE CONCLUDES TODAY

American and Mexican Delegates Have Signed Three Important Articles

CLAIM NO INDEMNITY

United States Will Recognize Provisionel Government, Whic Must Appoint Commission to Settle All Claims of Foreigners.

Niagara Falls, Ont., June 25.— Three articles of the peace protocol plan, prepared by the A. B. C. mediators, have been signed by American and Mexican delegates, and the conference will terminate to-day.

The protocol provides that a provisional government shall be constituted by agreement of delegates representing parties between which argument in Mexico is taking place, that upon the constitution of the provisional government in Mexico City, the United States will recognize it immediately, and diplomatic relations will be resumed.

The United States will not claim any war indemnity or other international satisfaction. The provisional government will proclaim an absolute amessty for all political offenses committed during the period of civil war. The provisional government will negotiate for the constitution of internal commissions to settle damage claims of foreigners. Argentine, Brazil, and Chile agree to recognize the provisional government organized as provided by the protocol.

Loss Placed at 2,000.

El Paso, June 24.—Villa's army captured Zacatecas on Tuesday night. The estimated loss is placed at two thousand killed and wounded. Villa continues to ignore Carranza.

Pres. Huerta Heard From.

Niagara Falls, June 25.— Negotiations relative to terms laid dwon by President Huerta to Constitutionalists have been turned over to A. B. C. mediators, and parleys will soon start either in Toronto or Buffalo.

Captured Ammunition.

Washington, June 25.— Gen. Aguilla, Constitutionalist commander of Tuxpam, has captured three million rounds of ammunition landed by the German steamship Ypiranga, at Puerto Mexico for Huerta. Aguilla is using the ammunition against Huerta.

SEE NO IMPROVEMENT

June Gross Has Fallen Off 5 p.c. as Compared with June 1913.

(Special to The Journal of Commerce.)

New York, June 25.—No immediate improvement is in sight along the lines of Delaware & Hudson Co., according to directions of the company who held a meeting here yesterday afternoon. One of the board made this statement:

"Figures were presented at the meeting, showing that June gross fell off about 5 per cent. from June, 1913. The only traffic to show improvement was anthracite. Northern stocks of anthracite seem to have been depleted by the severity of March and April weather. In consequence, Delaware & Hudson has had unusually good hard coal traffic to northern New England and Canada. Had it not been for the increase in anthracite, earnings for June would have fallen off fully 10 per cent. Delaware & Hudson officials hope that the increase in anthracite will continue well into July.

"Passenger and merchandise business was markedly poor in June."

HAD NARROW ESCAPE.

Nottingham, Eng., June 25.—The automobile of King George and Queen Mary was grazed to-day by bolting policemen's horse. The Royal couple were in the car at the time.