

The Journal of Commerce

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NOVA SCOTIA CLAY WORKS HAS DIFFICULTY FINANCING

Halifax, N.S., February 12.—The Nova Scotia Clay Works, Limited, must find \$100,000 for new working capital and to pay off a loan of \$48,000 from the bank, so the shareholders were told at the annual meeting. Accordingly the directors were authorized to make such an issue at 90.

It appeared from the report of the directors that the bank asked them to guarantee the loan but they declined to do this and they informed the shareholders that if re-elected they would still so decline.

The company has preferred stock of \$300,000 and common of a similar amount.

The present financial condition of the company is due to the building of a plant at Elmstale, thirty miles from Halifax, at a cost of \$80,000. This had been only just completed when the depression came and then the war. The company had a plant there from which some 3,000,000 bricks were produced and then it had to close down.

When this plant was built it was believed that if a temporary loan could be secured it could be discharged in a short time out of the profits of the business.

The plant was about completed at the end of 1913 and the machinery installed early in 1914. Its operation was satisfactory from a mechanical point of view, but demand disappeared and the money to repay the loan was not forthcoming.

The condition of the financial market made the sale of additional preferred shares impossible and a temporary arrangement was made with the bank. This arrangement expired last year and since that time nothing has been done.

The directors believe that the company, under normal conditions, can make good earnings and with two or three satisfactory years could resume the payment of dividends, but the bank requires its money at once and before any extension of time it finally considered they ask for the personal guarantee of the loan by the directors. This is declined.

The directors state that the company's properties, real and personal, are worth over \$350,000, and the security thus afforded is many times in excess of the company's liabilities to the public and the bankers.

The business and the undertaking appear to the directors profitable and permanent, and they say that they have no doubt but that in due course the company will out of its business operations, be able to liquidate all its liabilities.

In explanation of their declining to personally guarantee the bank's account the directors argue that the liabilities of the company are its own, that the business of the company should stand on its own basis and merits and that they, therefore, will not personally guarantee the bank's account.

Without that guarantee the bank has refused to extend the loan for any definite period or to consider any proposal which does not involve the personal guarantee demanded.

To meet this situation the directors now propose the bond issue of \$100,000 at 90.

This is the position of the Nova Scotia Clay Works, Limited, and the shareholders await notice of a meeting to authorize the bond issue.

Besides Elmstale, the company has plants at Annapolis, Pugwash, Middleton, Avonport, Schubenacadie and Bridgetown.

FIVE ALLEGED CONSPIRATORS ARE ALL COMMITTED FOR TRIAL

Toronto, February 12.—The preliminary hearing in the case of the four McCutcheon Brothers and Marshall Cooke, charged with conspiracy to defraud, was concluded and all five committed for trial. Bail was accepted in \$10,000 for Gordon McCutcheon, and \$5,000 for the others.

Testimony of more witnesses was taken to-day to the effect that they had put money into several syndicates and had received nothing for it.

"Where did the money go?" asked the magistrate. "It looks as if this whole business consisted of bogus sales, a sort of endless chain forming one company to buy a property, only in order to raise the price of it, finally selling it at an inflated price to the final party."

One of the witnesses was A. Fickwell, representing Saturday Night at Winnipeg, who said that he was in Montreal, a place with a population of 1,000 where farm land was worth \$20 to \$40 an acre. The town would have to grow 20,000 before the land in Windsor Park would assume any other value than as farm land. He would have to pay \$8,000 for the 160 acres for which the McCutcheons got \$75,000.

BERLIN IS BITTER OVER AMERICAN NOTE

That to Great Britain, on the Contrary, Favourably Received in London

ALLIES TIGHTENING GRIP

Situation For Germans on Eastern Front is Such That Kaiser Has Hurdled Left Berlin for Scene of Operations.

(Special Cable to The Journal of Commerce.)

London, February 12.—It is considered here that a serious crisis has arisen between the United States and Germany, following the American note to Berlin, which will be delivered to-day, that American lives and shipping must be respected, Germany being told that she will be held to "strict account" for the destruction of American ships or the loss of American lives in the institution of her submarine warfare on British shipping.

To protect the lives of Americans, German naval officers would have to board British vessels before sinking them. She has announced through an officially inspired source, that British vessels will be sunk "unconditionally."

The American note to Great Britain regarding the use of the American flag by British merchantmen to escape capture or destruction has been favorably received by the British Press.

Berlin Comment is Bitter.

Comment on the situation in Berlin has been bitter.

The Hamburger Nachrichten says: "Beginning on February 18th, everybody must take the consequences. The hate and envy of the whole world concerns us not at all."

Count Reventlow, the naval writer, says: "The United States should understand clearly that indignation and threats are a mere waste of words."

The American note to Germany gives Germany warning she must keep her hands off American shipping, and is the strongest possible condemnation of the German threat to sink neutral shipping in the prescribed area without certainly discovering its nationality and the contraband nature of the cargo.

The Hamburger Zeitung, in an inspired article, says the German Admiralty has ordered that neutral vessels shall not be interfered with if they are not suspected of carrying contraband, but that every British vessel, either warship or merchantman, will unconditionally be sent to the bottom.

Commenting on the American note, urging that Great Britain discontinue the use of the American flag to disguise her merchant vessels, the Times says, in an editorial, that the American attitude is "fair and reasonable," and has strengthened the desire "to respect not only her rights, but her wishes and susceptibilities."

Great Blow at Germans.

The Russians are preparing to deal a great blow to the German forces in the East. The Russian General Staff has explained, in an official statement, that the army is on the eve of great operations, and that the withdrawal of the Russian forces in East Prussia is part of the preliminary programme which is expected to solve definitely the situation there.

It is explained that the forces are being withdrawn upon their own fortresses, better to oppose the greatly strengthened German forces.

In the Carpathians, the situation remains favorable to the Russians.

The definite repulse of the Germans on the heights of Kozlouna is announced. In an effort to carry the heights the Germans made twenty-two assaults.

The situation for the Germans on the eastern front is such that the Kaiser has hurriedly left Berlin for that scene of operations.

There has been much fighting on the western front in the Argonne, and in the Vosges. In the region of Bagatelle, in the Argonne, the Germans, after much bomb throwing, delivered an assault on the earthworks of Marie Therese. The Germans, advancing in columns of fours on a 500 meter front, were mowed down by the French fire, and the attack broke down.

Both sides in the Vosges are employing a great quantity of artillery.

A sudden attack by the French to the north of the Col de Sainte Marie won them one of the German trenches.

PRESIDENT CHAMBERLIN SAYS BUDGET COST ROAD OVER \$500,000

This Applies to the Coal and All Other Stuff Used by Road, Most of Which is Imported, Will Cost Them 7 1/2% More.

That the new tariff regulations will very seriously affect the Canadian railroads and may possibly be the means of reducing the wages of their employees, was shown by Mr. E. J. Chamberlin, President of the Grand Trunk Railway, in an interview with a representative of the Journal of Commerce, this afternoon.

He stated that the new tariff will cost the railway between \$500,000 and \$750,000 a year. It means that they will have to pay seven and a half per cent. more than at present, on almost all the stuff they use. Of this by far the greater portion is imported. On a few lines, they will have to pay the five per cent. asked. The Grand Trunk imports annually from the United States 1,000,000 tons of Pennsylvania coal, and this will demand the 7 1/2 per cent. tariff.

Practically all the payments made by the road are by cheque. Employees are all paid in this manner and the additional sum of two cents levied upon all cheques passing through the banks, will mean a great deal of money annually. In fact, he stated, it may be the direct means of a reduction in wages throughout the line's employees.

It might be mentioned in connection with this that the war tax on all sleepers and parlor seats on American railroads went into effect to-day and passengers travelling on the G. T. R. lines there, are forced to pay the additional cost, or go without the seat or berth.



HON. W. T. WHITE, Minister of Finance.

Men in the Day's News

Mr. John Northway, recently elected a director of the Imperial Bank to fill a vacancy on that board, is president of John Northway & Sons, Limited, cloak manufacturers of Toronto. He is one of the largest manufacturers of these goods in Canada, and has stores not only in Toronto, but at Brantford, Chatham, Ingersoll, Orillia, and Tilsonburg. He is a native of Devonshire, but has been in Canada for forty-six years. He is the pioneer in Canada in the cloak manufacturing business.

Mr. W. J. Gage, the well known publisher, of Toronto, has just given \$100,000 to the Toronto Association for the prevention of tuberculosis. Mr. Gage is noted throughout the continent for his practical interest in this work. Largely as a result of his gifts and the educational work he carried on, Toronto to-day has the lowest death rate from tuberculosis of any large city on the continent. Mr. Gage was born in Peel county, Ont., and educated at Brampton High School and Toronto Normal School. For some years he taught school and then entered the publishing business as a partner of the late Adam Miller. At the present time he is head of the well-known publishing house of W. J. Gage & Company, Limited.

Thomas A. Edison, the well-known inventor, celebrated his sixty-eighth birthday yesterday. He was born at Milan, Ohio, but was practically self-educated. At the age of twelve he became a newsboy on the Grand Trunk Railway, and while working in that capacity learned telegraphy and developed the fondness for and knowledge of electrical appliances, which has made him famous throughout the world. He has patented over nine hundred inventions, his discoveries and inventions having revolutionized communication and modern industry. He lives at Orange, N.J., where he has a very large plant for the manufacturing of electrical apparatus. The plant was recently destroyed by fire.

Mr. E. W. Cairns, chief clerk in the Toronto office of Bradstreet's, has just gone to London to become superintendent of the company's agency in that city. Mr. Cairns has been in the Toronto office for over twenty-five years, but despite his arduous duties, has taken a keen interest in church and temperance work. He carries about with him a great many secrets regarding the financial standing of men prominent in all walks of life, and if he were at liberty to disclose the fact, could tell some interesting stories regarding the few laps which separate them from the sheriff. An intimate friend of Mr. Cairns speaking of his departure said that he only knew one unpardonable thing the latter had ever committed and that was to leave the Presbyterian Church and become a Methodist.

Henry Ford, automobile manufacturer, has attained an international reputation because of the unique principles which he has introduced in connection with the management of his immense automobile manufacturing plant in Detroit. A year ago he announced a profit sharing plan which involves the annual distribution to his employees of ten million dollars. Now he has announced that he would like to secure all the convicts from the prisons and penitentiaries of the country, as he believes that he can make men of them. Ford, who is the largest manufacturer of automobiles in the world, employs over sixteen thousand persons, and turns out one thousand automobiles a day. He was born in Michigan in 1863, and organized the Ford Motor Company in 1903.

The Hon. W. T. White, Minister of Finance, whose Budget Speech appears to-day, was born at Bronte, Ont., in 1866. Mr. White was educated at the public school, at the Oakville and Brampton High Schools, and at the University of Toronto and Osgoode Hall. For a time he was in journalism, then practiced law, but was best known through his management of the National Trust Company. In the fight over Reciprocity in 1911, Mr. White broke with the Liberal Party, and joined the ranks of the Conservatives. On the formation of the Borden Government, he was called to the Cabinet, and given the portfolio of Finance. Mr. White is an effective speaker, and while he did not possess military experience, he brought to his position a trained mind and an intimate knowledge of finance.

Abraham Lincoln, whose birthday the Americans celebrate to-day, was born on this date in 1809 on his father's farm in Kentucky. He worked on the farm until he was nineteen, all the time taking a keen interest in politics. He later studied law and then moved west to Illinois. As a young man Lincoln once took a trip to New Orleans and witnessed an auction of slaves. He was so impressed with the evil that he made the exclamation: "If I ever get the opportunity, I will hit this thing and hit it hard." Following that experience, he became a prominent figure in the anti-slavery movement and was elected to the presidency on that ticket. Lincoln was president during the four years of the war, and conducted the government of the country under trying circumstances in a most praiseworthy manner. He was shot in 1865 by J. W. Booth, an actor. Lincoln's Gettysburg speech has become a classic in American literature.

THIRTY MILLIONS IN NEW TAXES PROPOSED

Budget Provides for 71-2 p. c. Additional on Foreign Goods--- 5 p. c. Additional on British

HON. MR. WHITE'S SPEECH

Several Forms of Stamp Tax Are Involved—Budget Debate Adjourned to be Resumed on either Tuesday or Thursday of Next Week.

Ottawa, February 12.—The necessity of raising through new taxation \$30,000,000 to meet the deficit caused by a reduction in revenue was the problem to which the Hon. W. T. White, the Canadian Finance Minister, addressed himself in the budget speech delivered in the House of Commons yesterday afternoon.

The requirements of the Federal Government for the next fiscal year, he pointed out, would amount to \$300,000,000. Of this amount the sum required for the war (\$100,000,000) will be obtained from the Imperial Government. From existing taxes only \$120,000,000 could be expected, so that there remained \$80,000,000 to be provided.

Hon. Mr. White suggested that approximately \$30,000,000 of the last mentioned sum would be secured through additional war taxes and the remaining \$50,000,000 by way of loans.

Hon. Mr. White spoke as follows:—

In the budget speech of August last I dealt with the commercial and monetary conditions resulting from the outbreak of war and then prevailing and their probable effect upon the finances of the Dominion. With respect to the latter, I stated at the time that I put forth my views with much diffidence because it was not possible to make a forecast with any measurable degree of certainty. In presenting my statement of to-day I shall deal first with the subject of our revenues and expenditures, actual and estimated, for the current fiscal year which ends on March 31st next. In August I pointed out that we were certain to experience a sharp decline in revenue due to decreased importations attributable to the shutting off of our trade with the enemy, the interruption and increased risk of ocean traffic and above all the cessation of Canadian borrowings abroad and its effect upon our purchasing power as a community. This forecast has been realized in ample degree than was at the time expected. Taking the ten months of the year which have already elapsed, that is to say from April 1st, 1914, to January 31st, 1915, the Dominion's revenue from all sources has totalled, in round figures \$109,500,000. This compares with \$139,000,000 for the corresponding period of the last fiscal year, a decline of nearly thirty millions. Entering into details we find that of this heavy loss in revenue the falling off in customs accounts for nearly twenty-eight millions; in excise two hundred thousand; and in miscellaneous items a million and a half. Since the outbreak of the war the contraction in customs revenue has been fairly constant in monthly amount, representing about one-third of the returns for the corresponding period of the previous year. As regards excise the additional duties imposed by the August budget have the effect of counteracting the heavy losses which would otherwise have been experienced.

Upon the basis of these figures for the ten months period and having regard to the present action of the revenue-producing services we estimate that the revenue of the Dominion for the fiscal year ending March 31st next computed upon the present basis of duties would amount to \$130,000,000. The figures for the previous year having been \$163,000,000, this year's loss of revenue would reach a total of thirty-three millions.

Interest of Employment.

So far as the expenditures of the year are concerned, I stated in August that it would be the policy of the Government, in the interest of employment, to maintain as far as possible the programme of public works then under construction, but that new works would not be undertaken until the financial outlook became clearer and we should have in view the source of funds from which to meet the expenditure. This policy we have endeavored to carry out. For the ten months ended January 31st, the current expenditure has reached \$102,000,000 and the capital and special \$37,000,000. These figures compare with \$95,000,000 and \$47,000,000, the outlays under the headings in question respectively for the same period of the previous year. The drop in capital and special expenditure is due to the fact that railway subsidy payments have been much less during the present year. For public works and undertakings our disbursements have been greater.

For the whole of the present fiscal year we estimate our current expenditure will be \$140,000,000 and our capital and special expenditure \$50,000,000. Summarizing the estimated results we have the out-turn of the year, stated concisely, as follows:

Current expenditure	\$140,000,000
Capital and special (other than war)	50,000,000
Expenditure	190,000,000

Our revenue on the present basis being estimated as I have stated at \$130,000,000, we should have to meet for this year a deficit of ten million dollars on current account plus the entire amount of our capital and special expenditure, a substantial part of which we have in the past been able to defray out of current revenue, a balance only having been provided by borrowings. Included in our ordinary expenditure is an amount of \$4,500,000 which will be required this year for the relief of distress in the drought-stricken districts of Saskatchewan and Alberta. In addition we are making provision for about seven and a half millions or more to be expended in the purchase of seed-grain.

Cost of Dominion Forces.

I have still to deal with the expenditure representing the cost of organizing, training, equipping, transporting and maintaining our forces enlisted for active service in defence of the Empire. In connection with the War Appropriation Bill presented by him at the August Session the Rt. Hon. the Prime Minister presented an estimate of \$30,000,000 covering expenditure under

(Continued on Page 6.)

The Canadian Bank of Commerce

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GERMANS SAY THEY CANNOT BE INTIMIDATED BY AMERICANS

Amsterdam, via London, February 12.—German newspapers continue to scoff at the indignation expressed in neutral countries over the proclamation by Germany of the new naval policy against Great Britain.

Count Von Reventlow, the naval writer, says: "We have always expected American protests and outbursts and we expect some even more vehement. The United States should understand clearly that indignation and threats are a mere waste of words."

"The military, political and economic results of our action have all been weighed. We can imagine no threat, no measure, on the part of the United States which is capable of intimidating Germany or of inducing her to modify her war against British trade."

"The German Government is fully conscious of all the possible consequences of its action, and the German people stand united behind their Government. It may incidentally be questioned whether the people of the United States would do the same in all circumstances."

The Hamburger Nachrichten says: "Beginning on February 18th everybody must take the consequences. The hate and envy of the whole world concerns us not at all. If neutrals do not protect their flags against England they do not deserve Germany's respect."

GERMAN EMPEROR AT THE FRONT IN EAST PRUSSIA.

London, February 12.—A despatch from Berlin says that it is officially announced there that Emperor William has again departed for the front in the eastern theatre of war. It is inferred that he has gone to East Prussia to witness the expected decisive developments in the East Prussian campaign.

GERMANS ATTEMPT TO TORPEDO VESSEL FLYING DUTCH FLAG.

Ymuiden, Netherlands, February 12.—The German submarine U-2 yesterday attempted to torpedo the British steamer Laertes, which arrived here to-day from Java. The vessel escaped by adroit manoeuvring and fast steaming. When attacked the steamer was flying the Dutch flag.

YEAR'S SUPPLY OF OATS.

Brantford, Ont., February 12.—The city of Brantford has decided to erect a granary and stock up with a year's supply of oats during harvest. A great saving to the municipality will thus be effected.