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WILSON'S VETERINARY GALL CURE, for curing galls, scratches, cuts, mud scalds, etc., 20c. tin.

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Dunn's Celebrated BLACK OIL, for sprains and sores, 34c. and 65c. bottle.

GEORGE KNOWLING.

jan23,f,tu,5i

The Evening Telegram.

W. J. HERDER, Proprietor --- W. F. LLOYD, Editor

ST. JOHN'S, NFLD., MONDAY, JANUARY 26, 1914.

GOLD or BONDS?

Country Loses About $2,500 a Mile on Change of Method of Payment From Bonds to Gold

One of the most remarkable examples of inability to realize the meaning of figures was furnished by the Daily News on Saturday. It is comparable only with the muddied financing of the country during the time the administration has been in the hands of Sir Edward Morris.

It is so remarkable an example of specious reasoning, put off on the public, that we give the material portion of the contention in full. Here it is:—

"When we say that the Colony has advantaged, we mean not merely in the improved condition of the people, but in the resultant condition of the revenue.

Let us institute a comparison.—Under the old contracts the Contractors received $15,600 a mile in 3½ per cent. bonds. Thus for every mile built $546 a year was added to the annual expenditure.

As the first loan netted 96, and the second 91, and any subsequent one probably 90, it would be reasonable to average the price at 93. But we accept the minimum figure. Payment in gold, when bonds are at 90, is equivalent to payment in bonds at $16,666.66 a mile, and the annual charge to $583.33, or a loss of $37.33 per annum per mile.

Now for the other side of the story. Half the contract price, or $7,500, goes in labour. Under the old contract this sum would have been divided amongst 7,500 men; under the Morris contract 5,000 divide it. In other words $2,500 additional for each mile goes to the labourers.

Of the $2,500, at least one-half is spent on dutiable goods, at an average rate of, say, 33 1-3 per cent., netting to the revnue $416.66 a mile.

Thus the revenue has lost, through the exchange from bonds to gold, $37.33, and has gained $416.66, leaving a net gain per mile per annum, of $379.33."

So says the Daily News in this extraordinary argument. Even if we accept for the sake of argument the figures given in the first six paragraphs quoted, the conclusion of the last paragraph does not follow from them. It is absolutely false, even on that basis, that there is "a net gain per mile **PER ANNUM** of $379.33."

We have printed the words per annum in black capitals to put the fallacy of the conclusion into prominence.

The Daily News argues that the revenue has lost by paying gold instead of bonds $37.33 per annum on each mile of construction work. That annual charge on a built line of road will last so long as the road lasts, say 40 years. It follows that each mile of railway will pay in extra interest in the 40 years, 40 times $37.33 or $1.493; and also when the loan is paid off the extra cost of the mile on capital account on the difference between $16,666.66 given in the third paragraph of the quotation and the $15,600 of the second paragraph. In all the extra cost will be:—

For interest	$1,493.33.
For principal	1,066.66
	$2,560.00

$2,560 is the total extra cost for the duration of the loan for capital and interest for each mile of railway constructed.

The other side of the acct. is $416.66 a mile, all told. For it is obvious, when a mile of railway is built, the extra $2500 in wages has been paid once for all, and when the extra revenue has been derived from the spending of the wages on that mile of railway it has gone into the recenue once for all and will not be repeated. It is therefore a fallacy to conclude that there is a net gain per mile **per annum** of $379.33, for that includes the false assumption that there is an annual gain of $416.66 to set off against the annual loss of $37.37, on each mile of railway.

The truth of the matter is that the loss of interest occurs every year as long as the loan lasts, say 40 years. Whereas the increase to the revenue on wages can only occur once, as the mile constructed is once built, and paid for once. To argue otherwise, as the Daily News does would be to contend as the Daily News, unconsciously but in fact, did, that the cost of each mile of railway is forty times $15,000 or $600,000 in gold, which is manifestly absurd. But that is what the News s$tatement of "a net gain per mile per annum" really means.

Even, then, if at this stage we accept the assumptions of the Daily News, for the sake of the argument that half fo what is paid to the contractor is paid out in wages, and that the wages have increased one half, and that one-sixth of the latter goes into the revenue, there is a serious net loss to the country on account of paying gold instead of bonds.

The loss is on principal and interest	$2,560.00
The gain to revenue on increased wages, according to Daily News	416.66
Net loss	$2,143.33

The net loss in each mile of rail was is therefore $2,143.33.

But the calculation that one-sixth of extra wages would go to the revenue is far more favourable than the Minister of Finance allowed in his last budget speech. He allows only one tenth, and even this he discounts by stating that the men would have been employed at Bell Island, in the woods and at the fisheries and by such carnings would have contributed to the revenue, had they not been employed at the railway work. Taking, then this basis of the Minister of Finance and re-stating the estimate, it will come out thus:—

Loss on principal and interest	$2,560
Gain of revenue	250
Net loss	$2,310

But we may accept in full the contention of the Minister that the railway work is merely a change of avenue of employment and has not increased materially the revenue, for after all the $1.50 a day is merely the current wages and not a specially high wage increased by the text of the contract, and the contractor would have had to pay it anyhow, whether it was bargained for in the contract or not. It would follow from this contention, advanced impliedly by the Minister of Justice, that there is really no advantage worth while to the revenue on railway work, and it also follows that the change in payment from bonds to gold is costing the country about $2500 per mile.

On the extras there is no bargain for a decreased price on account of gold payment as there is on milage construction. These extras have already cost $732,126.00, and the proportion of costs of extras to milage is an increasing one.

The real disadvantage on account of payment in gold instead of bonds is thus much worse than it appears when reckoned only on the basis of construction and even on this basis, we have shown that the country has been mulcted and is losing at the rate of $2,500 per mile on the change in the method of payment from bonds to gold, in spite of the change of price from $15,600 in bonds to $15,000 in gold and in spite of the contract wages of $1.50 a day.

The absurdity of Saturday's attempt to save the face of the Government is heightened by the following correction which appears in the Daily News this morning.

A CORRECTION.

In an editorial on Saturday a very obvious error crept in, which we hasten to correct. The last paragraph but two should have read: "Thus the revenue has lost through the exchange from bonds to gold $37.33 per mile per annum, and has gained $416.66 per mile. The contractors, on the other hand, have gained the equivalent of $1,066.66 in bonds per mile, and have lost $2,500 in cash."—Daily News.

A comparison of the two statements will show that the News this morning eliminates the contention that the $416 is an annual gain and also that there is a net annual gain of $379.33 after deducting the $37.33.

This correction destroys the whole force of the contention that there is any net advantage in the change in the method of payment, and corroborates the arguments that we have advanced above that the country is a heavy loser by the change. After such a display Morris may well cry, Save me from my friends.

OXO CUBES

A most valuable hot beverage for cold weather. Rich—stimulating—nourishing—Oxo fortifies the system against cold.

4 Cubes 15c. 10 Cubes 35c.

A Cube to a Cup.

SELLING OUT

Bargains in Crockeryware.

JOHN B. AYRE.

Annual Statement.

The Bank of Nova Scotia's eighty-second Annual Statement appears in his issue. Owing to changes in the orm of statement made necessary by he recent revision of the Bank Act, omparisons with last year's figures annot readily be made. However, it may be noted that the total assets ave increased from 71,279,298.95 to 80,151,829.99 during the year. Liabilities to the public (deposits, notes utstanding, etc.), total $62,686,436.27. The holdings of coin and legal tender amount to $10,440,849.08. Notes t and cheques on other banks, balances due by banks and banking correspondents, including Sterling Exhange, amount to $7,885,463.07 and ther readily available assets such as all loans and investments are held to the extent of $20,746,796.20. So it can be seen that against the Bank's total iabilities to the public it holds in ash 16 per cent., in immediately vailables, 29 per cent., and in quick ssets, 62 per cent. This is a very rong showing and should be viewed vith satisfaction by the Shareholders nd Depositors.

Net profits for the year, after losses y Bad Debts are estimated and proided for, amount to $1,210,774.39, as ompared with $970,544.38 a year ago. These profits are distributed in the aymeet of dividends at the rate of 4 per cent., amounting to $814,504.60 contribution to the Officers' Pension Fund, $50,000, written off Bank premises, $150,000. Premium paid Bank of New Brunswick on purchase, $100,000, and transferred to the Reserve Fund, 110,000, leaving a balance of $41,-24.27 to carry forward.

The paid-up Capital has been inreased by an issue of new stock and y the Capital Stock of the Bank of New Brunswick, from $4.734,390 to 6,000,000. The Reserve Fund, with he addition of the Reserve of the Bank of New Brunswick, $1,790,000. Premium received on new stock, $371,854, and appropriation from Profit and Loss of $110,000 is brought to an even $11,000,000.

The Shareholders of this sound old institution must be pleased indeed to note that their Bank has so well maintained its position during the year 1913.

Forced Back.

The northern coastal steamer Prospero, which could not get to a port of call beyond Seldom, owing to the heavy jam of ice and which was three days icebound at Wesleyville, has abandoned attempts to get north and is coming this way as the following message received by Bowring Bros. Ltd., to-day will verify: "Reached Seepy Cove, Twillingate; impossible to get within miles of Fogo, Change Islands or Twillingate; forced to retreat at 1 a.m., strong breeze N.N.E.; ice on Fogo Islands, had to come through Storehouse Tickle; homeward bound." (Sgd.) A. KEAN.

Vessel Ashore.

The schooner Georgie Campbell dragged her anchors last night and went ashore at the west side of Wood's Island, and is now lying on the rocks, information to this effect having been received to-day by Deputy Minister of Customs LeMessurier. The stranded vessel is supposed to have been going into Wood's Island for a fish cargo when she met mishap.

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SHAFT BELLS
SADDLE CHIMES.
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CHILDREN'S SNOW SHOVELS
SNOW SHOES.

Ayre & Sons, Limited.
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Only a limited number.

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Rossley Theatre.

The only High Class Vaudeville Theatre in our Colony.

Burns' Anniversary, Gala Week,

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55 PEOPLE. 55 PEOPLE.

Great Scotch Pantomime, "BONNIE WEE MARY."

ALL IN NEW SCOTCH KILTS.

New Songs, Dances, Flings, Reels, Sword Dancing.

SPECIAL MATINEE WEDNESDAY, CHILDREN, 5c.

ONE BIG SHOW—10, 20 and 30 cents.

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IS NOW ON WITH

Ladies' White Underskirts.

For **70c.**	Former Price	90c.
For **90c.**	Former Price	$1.30.
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Misses White Underskirts.

For **35c.**	Worth	60c.
For **60c.**	Worth	90c.

Ladies' Blouses.

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See to-morrow's Paper for White Shirtings, Sheeting and Embroideries.

SEE WINDOW.

S. MILLEY.

Advertise in the "Telegram."