

WOULD INCREASE INTERNAL TAXES

Government Officials in United States Devising Plans to Implement Customs Deficiency

INTERESTING COMPARISONS

Last Year's Ordinary Expenditures Across Line Were Greater Than in Any Previous Year Except Three During the Civil War.

New York, August 18.—While government officials are devising plans to increase internal taxes to make up the deficiency in customs, the question is being raised whether the brakes cannot be put on government expenditures to counteract in part the decline in revenues.

Last year's ordinary expenditures, exclusive of those of the post office, which is self-sustaining, were greater than in any previous year except three during the Civil War. They were more by \$78,000,000 than during the Spanish-American war.

In view of the belief in some quarters that this latest war is going to mark the end of burdensome armaments, it is interesting to note that of 1882-77,035 ordinary expenditures last year, \$160,874,493 was for the war department, \$133,262,382 for the navy and \$175,855,490 for pensions. These items made up more than two-thirds of total expenditures.

For each man, woman and child the net government expenditures amounted to \$7.01. This compares with per capita expenditures of \$1.17 100 years ago, with record high figure of \$37.27 in 1865, with \$4.32 in 1886, \$11.4 in 1899, and \$5.92 as late as 1902. Since then the per capita expenditures went up to \$7.45 in 1909 and down to \$6.84 in 1912.

Total expenditures last year, including postal service, Panama Canal and disbursements on public debt, were \$1,010,025,000, at the rate of \$10.35 per capita. This rate is not as high as for most of the other leading countries:

	Expenditures.	Per capita.	Population.
United States	\$1,010,025,000	\$10.35	98,444,000
Russia	1,332,506,000	18.90	157,520,000
German Empire	579,458,000	13.11	65,965,000
German States	1,469,790,000	21.15	68,211,000
Great Britain	917,929,000	21.06	45,453,000
France	914,550,000	20.09	39,662,000
Italy	505,841,000	14.58	34,837,000
Austria	636,822,000	20.89	30,415,000
Hungary	409,998,000	18.49	21,690,000
Austria-Hungary	1,206,638,000	23.4	51,545,000
Japan	292,230,000	5.58	52,312,000
China	375,147,000	1.11	336,042,000

This country, however, probably more than any other, has higher governmental expenditures down through its political subdivisions. Expenditures in 16 cities, holding over one-fourth of the population, were little less than for the federal government, and when compared on a per capita basis were \$33.88 in 1912, as against \$10.10 for the United States Government. The increase in expenditures of the cities had been \$1.04 per capita in ten years, while for the federal government it was only \$1.47, in spite of the fact that cities have grown faster in population than the rest of the country. This indicates that our greatest governmental extravagance has not been perpetrated at Washington.

MUST PRACTISE ECONOMY

Mayor of New York, is Asking for \$60,924,057, Says That This is Major War Time.

New York, August 18.—Mayor Mitchell's estimate of the tax budget requirements of the department under his jurisdiction for the year 1915 is \$60,924,057.63. That amount is \$2,661.65 less than the budgetary allowances for the present year.

In his letter to the Board of Estimate, the Mayor says that the war in Europe makes it imperative that the city practice every possible economy.

"As a general policy of the city," he writes, "it will be necessary for us to carry on the current operations of the departments most conservatively and economically." After pointing out that owing to the conditions of the city debt it will be necessary soon to defray the cost of certain improvements from the tax levy appropriations, he says:

"But it must be borne in mind that the city may be called upon to assist many brought to distress by the unsettled conditions resulting from the European war."

CRAMPS TO MOVE YARD

Will Go to Canada if Ship Bill Becomes Law, Says H. W. Hand, Vice-President and General Manager of Firm.

Philadelphia, August 18.—The William Cramp and Sons Ship and Engine Building Company will move its plant from Philadelphia to Canada if the emergency registry bill, as approved in conference, is enacted into law by Congress. This statement was made by Harry W. Hand, vice-president and general manager of the company, when asked what effect the law would have on American shipyards.

Officials of the New York Shipbuilding Company and the Earle and Hollingsworth Corporation, the two other large shipbuilding plants on the Delaware River, said they would be forced out of business in case foreign vessels were allowed to take American registry and were permitted to engage in the coastwise trade. All for these officials were agreed that virtually every shipyard in the United States would be forced to close down inside of a year should this bill become law.

Three thousand employees of the Cramp Yards signed and forwarded a statement to Senator Penrose in Washington 10-day asking him to use all his influence against the bill. There are about 6,000 men in this yard, and all of them will lose their positions, according to the petition, if the bill is passed.

MORE PROMISING OUTLOOK

New York, August 18.—A more promising outlook for the resumption of trans-Atlantic navigation was reflected in a letter tone to the foreign exchange market. Cable transfers particularly were affected by this influence reacting to 498. Demand sterling hovered between 195 and 197. Dealings in Continental exchange were extremely small and restricted to franc and mark cables. Former quoted at 110 and later 112.

LARGER C. N. R. DECREASE

C. N. R. earnings for week ended August 16 were \$311,500, a decrease of \$117,400. From July 1 earnings total \$1,280,000, a decrease of \$516,000.

MATERIAL ADVANCE IN AUTO TIRES EXPLAINED

President of Goodyear Company Says It Is Due to Interruption of Shipments and Demoralization of Foreign Exchange System.

Boston, August 18.—President P. A. Scherling of the Goodyear Tire & Rubber Co., explains the recent advances in this of from 5 p. c. to 20 p. c. by the principal producers as follows:

"The cause for the announcement the past week of an advance in price of tires by the leading manufacturers of the country lies in the main fact that the cost of crude rubber had been ranging close to 50 cents a pound the past six months but beginning two weeks ago the price rose rapidly until August 12 it reached a level of \$1.01 a pound and still rising.

"The European war is alone responsible for this advance. United States produces no crude rubber, our supplies coming wholly from foreign countries.—London, Singapore, Pan and Antwerp being main ports of supply. The effect of the declaration of war was to immediately and totally break down the system of exchanges in operation between nations, under which money could be transferred from one nation to another—all the world going instantly upon a gold basis, each of the countries refusing to permit any gold to be shipped so that the ordinary transactions of buying and selling came to a complete halt.

"To further complicate the situation, the merchant marine of all the belligerent nations immediately ran to home or neutral ports, their services being withdrawn. With all the ports on the English channel, North Sea and Baltic Sea closed, and with marine insurance completely withdrawn, it became practically impossible to move any supplies of rubber other than those already on the sea.

"We feel that there is every probability that one of the belligerents will be driven off the Atlantic or Pacific highway within the very near future, which will restore shipping with safety and permit the importation of crude rubber as heretofore."

GOLD SHIPMENTS SHOULD BE REDUCED

Cartlyon Thought This Ought to be Done in Interests of Economy and Sound Finance

CONFERENCE WAS SUGGESTED

When Secretary of Treasury Took View That Credits or Loans of Gold Might be Extended More Generally by One Nation to Another.

New York, August 18.—The Bank of England having established a depository in Ottawa for the receipt of American gold, it is interesting to note that George B. Cartlyon, president of the Consolidated Gas Co., when Secretary of the Treasury, included in his annual report on finances, dated December 7, 1905, several paragraphs on the subject of reducing unnecessary movements of gold.

Secretary of the Treasury Cartlyon wrote in his annual report in part:

"The advantage of reducing to a minimum the transfer of gold between the financial centers of the world has been often discussed, but has not yet been the subject of official action. Economy in such transfers has come about automatically from time to time by the extension of the system of bills of exchange and of the use of international credits.

"Disturbance of these resources in times of crisis—the very movement at which they are most needed—involves the demand for physical gold. Even under ordinary conditions, the interval between the outward flow of money from this country and the payment for foreign merchandise imported in the spring is often marked by shipments of gold in both directions, which the mechanism of international exchange has not yet found the means of entirely avoiding.

"Transfer of Physical Gold.

"It would seem that means might be devised to diminish the transfer of physical gold under these conditions. That credits or loans of gold might be extended more generously than at present by one nation to another in times of stress was proposed soon after the crisis of a year ago. It has been suggested that an international conference be called of representatives of the ministries of finance and of the great state banks with a view to more prompt and effective co-operation in emergencies. It is not proposed here to enter upon a general discussion of this subject, but if such a conference should be held, there might well be included in the list of topics to be considered the creation of an international gold certificate, which would represent for all practical purposes the transfer of gold coin or bullion without the necessity of transferring the metal itself.

"In the present advanced state of public faith and of financial responsibility there is apparently no serious obstacle to reaching such an agreement if measures are once set on foot by those capable of carrying it out. The issue of such international certificates, payable on demand, like the gold certificate of the United States, would not prevent the transfer of the physical gold when desired. The certificates might be redeemable in all countries which were parties to the agreement, without regard to the country in which they were issued and it might be left to those in charge of the gold funds to determine from time to time whether physical transfers of gold were required.

"Metal Would be Recalled.

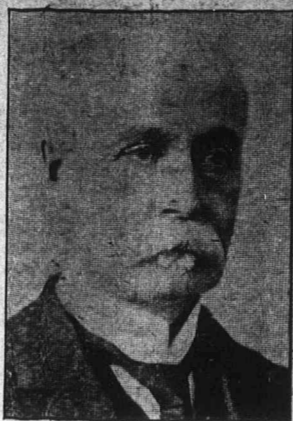
"Actual transfer might be advisable where there was reason to believe that the movement was more or less permanent in character, but it would seem that such transfers might be reduced to the minimum where it seemed probable that the metal would be recalled by the normal movement of trade within the space of a few months. It is suggested that the Secretary of the Treasury might be authorized to receive hospitably any suggestion on this subject from abroad and to appoint through the proper channels delegates on behalf of the United States to any conference which might be assembled having the subject within the scope of its deliberations."

BUSINESS LACKING IN NEW YORK MONEY MARKET.

New York, August 18.—Brokers report an utter lack of business in the money market. Borrowers continue to apply direct to bankers for accommodation.

Call money is hovering at 6 per cent, though in instances as high as 8 per cent, is being charged. Rates for time money is nominal at 7 to 8 per cent for all maturities.

Commercial paper limited business at 6 to 7 per cent for best names.



GEORGE BURN.

For many years General Manager of the Bank of Ottawa.

WOULD INSPIRE CONFIDENCE IN UNITED STATES STOCKS

Investors Now Have Not Requisite Faith in Success of Railroads Under Present Sale of Low Freight.

New York, August 18.—J. S. Bach & Co., bankers, have sent out a letter to officers of banks throughout the United States urging that they appeal to their congressmen to pass legislation directing the Interstate Commerce Commission to review its decision and grant the railroads further increase. This step is necessary, the letter states, under the financial stress growing out of the war abroad to renew confidence in American securities, prevent the wholesale marketing of stocks and stop the gold drain abroad. The letter states:

"Our securities are in disfavor because advance will have no effect in restoring and establishing the confidence of the large investors here and the holders of our securities abroad.

"These securities will be sent over as soon as possible to do so, to draw our gold or its equivalent, and they will not be taken freely by our own large investors because they have not sufficient confidence in the success of the railroads under the present scale of low freight.

"We, therefore, earnestly suggest that you bring this matter at once to the attention of your representative in Congress, and if you agree with us urge them to favor the passing of a joint and concurrent resolution of the House and Senate directed to the Interstate Commerce Commission, requesting it, because of the emergency situation with reference to railroad securities, to review and revise the decision in the recent application of the eastern railroads and in their discretion and in view of the great and extraordinary necessity for this action, promptly to grant further and adequate advances to all the railroads."

LONDON FIRMS ARE BUYING BONDS IN UNITED STATES

Many Investors Abroad Now Wish They Had More of Their Funds Safely Placed in Securities on This Side of the Atlantic.

New York, August 18.—A London firm with a branch on this side has been buying bonds here in the last few days in small lots for English clients. The purchases have not been large in the aggregate and only the highest class bonds, like municipals and the best railroads, are taken.

Nevertheless, transactions of the sort are of peculiar interest just now when the possibility of a long period of European liquidation of American stocks seems to be regarded as more or less inevitable.

It is pointed out on the other hand that American securities must gain rather than lose in comparison with securities of almost any other country in the world and that what free capital there is in England is not unlikely to find its way to this side.

Undoubtedly there are many investors abroad who are now wishing they had more of their money in American stocks and the future may find an even more general application of the principle of the geographical distribution of capital, as it is called abroad.

Of course it is not anticipated that discriminating buying of this sort will reach such proportions as to offset the liquidation that is bound to occur as a result of the tremendous economic waste caused by the war.

Nevertheless, there is a disposition to buy at all is encouraging. It may very well mean that the European investor will avoid disturbing his American holdings where possible.

PLAN DECLARED OPERATIVE

But in View of Disturbed Financial Conditions Further Payments of Installments are Deferred.

New York, August 18.—The Pacific Gas and Electric Company announces that more than 70 per cent of its \$125,000,000 6 per cent first preferred stock, having been subscribed for the financial plan of June 3rd, is declared operative.

In view of the disturbed financial conditions the company has deferred payment of the second installment of \$15 a share on its new stock from August 1st to October 15th, of the third installment of \$1250 a share from October 1st, to November 15th, and of the fourth installment of \$1250 a share from January 1st, 1915, to January 15th.

C. P. R. EARNINGS DECLINE

Earnings of the C. P. R. for the week concluding with August 16th, amounted to \$2,163,000, as against \$2,630,000 a year ago, a decrease of \$467,000 or 17 per cent.

As compared with the first week of August earnings show a falling off of about \$75,000.

AUTOTIRES ADVANCE 12 TO 20 PER CENT.

Akron, Ohio, August 18.—Akron Rubber Manufacturers have announced an increase in automobile tire prices of from 12 to 20 per cent. Price of a 34 1/2 is now \$9.20, compared with \$8.30 two weeks ago.

MISSOURI PACIFIC EARNINGS

Missouri Pacific—Second week, August, \$1,196,000, decrease, \$14,000. From July 1, \$7,422,041; decrease, \$62,013.

DECLARES WAR RESULT OF DELIBERATE GERMAN PLOT

American Industrial Leader, Long a Resident in Europe, Has No Illusions Over the Course of Events Just Now.

Boston, August 18.—An American industrial leader who has spent much of his time in Europe for the last five years, and has had unusual opportunities to get a close view of the foreign situation, in discussing the present war says:

"Germany has been preparing for this war for years and she was ready. In my judgment it was a deliberate plot on Germany's part to bring about the war, and it seems to me all circumstances point to this conclusion. The Kaiser went away from Berlin for appearance sake, and left Austria to serve its insolent and preposterous demand upon Serbia, thus furnishing the pretext for hostilities. After Serbia had yielded to nearly every demand of Austria, England offered mediation, but was met with a flat refusal on the part of the Kaiser to interfere with Austria; and when Russia protested Germany answered by a call to arms.

"The opportune moment had come. The French president was absent from France, England was apparently on the verge of a civil war, Belgium's opposition was not seriously considered, while Italy's support was counted upon as a certainty. England's attitude was the only doubtful factor of importance in the Kaiser's calculations, and he hoped, if he did not fully expect, that England would dare to risk a Continental war while her own internal troubles were so threatening, but the Kaiser has missed out on many of these calculations and is likely to have trouble with some of his own people before the war is ended.

"Germany is fighting with a different spirit than the allies. She is fighting because she is commanded to fight by the Kaiser and his 'war lords,' while the allies are all fighting a common enemy and invader, who, conscious of her power and arrogant in her attitude, has threatened the peace of Europe for years and has kept the allied nations on the quiver for just such a coup as the Kaiser has attempted.

"What I cannot understand is how Germany could ever have persuaded herself into believing that England, with her great Navy, would stand aside and allow Germany to annex Belgium and as much of France as she might choose, when it was a self-evident fact that Britain's great navy had been kept up to its relative strength for the very purpose of preventing just such an attempt by Germany.

"This is a terrible catastrophe for Europe, but it had to come sooner or later. I believe history will record that Germany was responsible for this war and that the onus of it will rest upon the Kaiser."

MUST DIVIDE INTO THREE COMPANIES

International Harvester Had Voluntarily Split in Two, but This is Not Enough

BAD BLOW FROM FARMERS

Purchase of Implements Abroad Are Likely to Find It Difficult to Meet Notes if the European War Continues For Any Great Length of Time.

New York, August 18.—Previous to 1913 the International Harvester Company had \$30,000,000 common stock and \$60,000,000 of preferred stock.

After the government litigation against this corporation began in April, 1912, the International Harvester Company in January, 1913, divided into two concerns of equal capitalization and each one-half the old concern.

The International Harvester Company of New Jersey was reduced to \$40,000,000 common and \$30,000,000 of the preferred, and the International Harvester Corporation had likewise \$40,000,000 common and \$30,000,000 preferred in share capital.

The new corporation took over the foreign business and also plants in the United States, manufacturing motor trucks, engines, etc.

Three Independent Companies.

It has been erroneously stated that the corporation stock was held in the treasury of the New Jersey company. Such is not the case. The holder of 10 shares in the old company found his holdings divided into 50 per cent of new stock and 50 per cent of old stock and both old and new shares were quoted until a few weeks ago at the same price.

The litigation, of course, proceeded against the old company and the decree of the court is that it shall divide into three independent companies. As one of these divisions has already been made, the decision of the court, in effect, decrees that a third corporation be formed. We understand that the original demand of the government was for a dissolution into three companies, but the company declined and voluntarily split into two.

The court decision is not the worst blow the Harvester people have received.

Implements Sold Abroad.

The International Harvester Corporation holds millions of notes for implements sold in Russia and all over Europe. Payment upon some of these farmers' notes will be probably delayed if the European war continues for any great length of time.

It is doubtful, however, if the German banks would care to take over at the present time from foreign holders at any reasonable rate of discount the notes of German farmers for which American agricultural implements have been given.

The home company, whose sales last year were \$61,000,000, had bills receivable on the first of the year, including agents' and dealers' obligations of approximately \$40,000,000. The foreign concern known as the Corporation had sales of \$15,500,000 and bills receivable in excess of \$42,000,000.

BOTH DIVIDENDS DECLARED.

The outbreak of the war will have no immediate effect upon the operations of the Crown Reserve and the Porcupine Crown Mining Companies.

The monthly dividend of 2 per cent on Crown Reserve stock is payable Sept. 15 to stockholders of record August 31.

The quarterly dividend of 3 per cent on Porcupine Crown stock is payable Oct. 1 to stockholders of record Sept. 15.

TEXAS AND PACIFIC EARNINGS

Texas and Pacific—Second week, August, \$295,238, decrease, \$59,318. From July 1, \$2,476,654; increase, \$18,551.

UTILITY CONCERNS AFFECTED BY WAR

Operating Organizations, Owing to Difficulty in Securing Capital, are Being Reduced

CARE FOR PRESENT BUSINESS

Normal Increase Also Can Be Taken Care Of, But All New Construction Will Have to Be Postponed—Further Capital Investments Cannot Be Made.

New York, August 18.—One effect of the European war on gas and electric light and power companies will be to cause substantially all of the big controlling corporations to cut down their new business departments materially.

These new business departments have been factors in the rapid growth of earnings, especially with the electric companies. The entire controlled forces in the organization are maintained at the main offices of the corporations, while subsidiary organizations are maintained by each of the operating companies.

These organizations maintain large staffs, and do much advertising in the cities and towns in which they operate. It is possible that with the cutting down of these departments will also come a further slowing down in the rate of increase being made in earnings by the operating companies.

New Business Departments.

So far as the expense of the new business departments and their staffs at the various operating companies is concerned, the war would have no effect, as the cost of these organizations is comparatively small in proportion to the amount of new revenue they produce. It is the question of new capital to finance the new business, which is causing consternation.

As one of the leading promoters of public utility corporations said: "It is not the cost of the new business that is bothering us, but the additional capital required to finance this new business." The main business companies are in position to care for their present business, and for the normal increase which will come to them practically without effort on their part, but just at present they are not going out to secure new business which would call for an extensive investment of new capital.

It is estimated by the majority of public utility operators, men who have been long in the business and have made a study of the cost of securing new business in the electric field and the financing of this new business after it has been secured, that an average \$5 in new capital investment is required to provide for supplying service to every \$1 of new business.

Capital Offerings Scarce.

It was largely on the requirements for the financing of the new business which was being obtained so rapidly by the electric light and power companies that Mr. Vanderlip based his estimate that the electric light and power companies of the country for the next few years would require \$400,000,000 a year of new capital to care for expansion. Under present financial conditions the companies cannot secure the amount of new capital nor anywhere near it.

Because of this the companies are now adopting a policy of caring for the business they have and for the normal increase which will come to them by reason of growth of population, and are deferring until the financial skies clear an extended effort to secure new business which has been such a marked factor in operation of gas and electric plants in the last few years.

SUSPEND LEAF BUYING

Tobacco Companies Have Sufficient on Hand to Supply Trade for Long Time to Come.

New York, August 18.—Because of the interruption of transportation and financial intercourse between this country and England, it is understood that both the British-American and Imperial Tobacco companies have temporarily suspended leaf buying in the South. It is generally believed they will resume buying when more nearly normal conditions are restored.

As both companies carry large stocks of leaf the have sufficient tobacco on hand to supply their trade for a long time to come.

The British-American Tobacco Company, it is claimed, sells 90 per cent of its products in countries not involved in the war.

T. B. Fuller, counsel for the British-American Tobacco Company, said that he did not expect any serious interruption of the company's business as far as shipping was open. This company has a factory at Antwerp and a large depot in Brussels. The factory at Antwerp is small in comparison with many of the other factories, and even if it should close the production there could be cared for by the other factories. The company has a large factory at Bristol and one in these factories are mainly shipped to the United States, but none of these products are sold in England. In this country the company operates two factories in Petersburg, Va., and has in various parts of the South leaf plant and stemmets. Of course, they will not be affected by the war.

SCHEDULE SATISFACTORY

Tulsa, Okla., August 17.—On August 15 the Tulsa Oil and Gas Company filed with the Interstate Commerce Commission its schedule of pipeline charges as a common carrier of crude oil from Oklahoma to a designated point on its own and connecting lines in New York.

The rates are subject to the approval of the commission.

On a basis of 75 cents a barrel for Oklahoma, the rate can be paid down in New York at \$175 per barrel, and if the common carrier law is to become effective it would appear that the schedule should be satisfactory.

NORTHERN TEXAS ELECTRIC

New York, August 18.—Northern Texas Electric declared regular quarterly dividend of \$175 on common and regular semi-annual dividend of \$3 on preferred stock, both payable September 1 to stockholders of record August 28.

FIRST CARGO OF REFINED OIL VIA PANAMA CANAL

Tulsa, August 18.—The Export Oil Corporation (Oklahoma Refiners) has consigned a cargo of refined oil from New Orleans to the Orient via the Panama Canal—the first shipment of this character to be made.

A CONSERVATIVE FEELING IN

Most Compelling Wants of O Appear to be Satisfied Present at Least.

CONTRACTS ARE WITH

Check to Extravagant Run of Prices Prompted by Larger Volume, and the Urging Earlier Terms to be Made.

Exclusive Lease Wire to The Journal of

New York, August 18.—The drug market week continued feverish and erratic, though it appeared to be striving to adjust itself to conditions consequent upon the European war.

The same time prevent further sky-rocketing. The heavy purchases and operations of a week are believed to have satisfied many of the compelling consumer wants and buyers' cases have tempered. Their views so far on purchases are concerned. Sellers have been following a more conservative against operations of a speculative nature.

Many of the leading houses have been making determination to check the extravagant following the most rampant buyers. They have urged the advantage of moderate legitimate elements of additional cost, risks, difference in the rates of the exchange and allowance for the future of the price and supplies.

A Concentrated Supply.