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VOL. XXXII—No. 11,617

## A Money Famine Be Near

On the line of our discussion of the banking situation, let us add some more information as to the scarcity of money, and as to the demands greater than ever on the banks.

The City of Toronto for many years has been a large financial centre. We have here trust companies, some of which have over \$20,000,000 of money in their hands for investment. We have insurance companies, some of which have a good deal over \$20,000,000 of reserve funds in their hands for investment, and there are many smaller companies with smaller sums. We have loan companies which have millions on loan, and the principal of which is coming in and going out all the time.

These loan companies have been getting their money in England, where they sell 4 per cent. debentures. A debenture is a document saying that at the end of its term the seller thereof, namely the loan company, will repay the money and pay regularly interest at 4 per cent. and that the debenture is secured by the mortgages of the company. These propositions have been well received in the old country, and especially in Scotland, but they are not quite so attractive a prospect as they formerly were, inasmuch as capitalists and investors are being somewhat seduced from the old and steady path by offers of bonus stock in consideration of the purchase of the bonds of various industrial.

But independent of all that, as we said, the loan companies have been bringing a lot of money into Toronto, and there are other corporations of various kinds which have large accumulated funds here in Toronto, and there are individuals of wealth who have large sums of money for investment. And while these conditions prevailed loans on Toronto real estate were to be had seven or eight years ago as low as 4 1/2 per cent., and since that at 5 and now 6 per cent. is being asked. But it is not so much that the rate has changed, but the fact that nearly all these trust and other funds are obtained out of Ontario to the Canadian west as fast as they can be shipped and loaned there on mortgage, at 8 per cent., 9 and 10 per cent., and apparently on good security. Formerly a lot of this money lay in the banks, and the banks knew that they could rely upon a percentage of it always remaining there, and they therefore could make loans as against the trust customers; but that is the case to-day, and the banks find themselves hampered by reason of the scarcity of money for real estate purposes and by the rapidly with which the insurance, trust and loan companies switch every available cent for investment to the west.

As a consequence, then, the banks are every day refusing accommodation to their customers, and they are moving heaven and earth in their own way to increase their banking capital. Some of them are increasing their share issue, but only a million dollars at a time, and this very slowly, because the greatest asset in conducting a bank that has got on its feet and is successful is the control of it; and no one in a group who has the control of a bank is willing to lose it by allowing outsiders to come in and have a voice—and outsiders are bound to come in unless the controlling group can take up the additional shares themselves. Perhaps the most pointed case would be that of the Bank of Toronto, with its immense surplus and standing in this community, and which is supposed to be controlled by the group of banks. If that bank were to suddenly increase its capital by \$5,000,000 more and put it out at between \$200 and \$300 a share, the Goderham group would have to put up at least \$5,000,000 in cash, or substantially spot cash, to keep control of the bank which they have had for years. And this is more or less true of all our banks, excepting the very large ones where one interest has control; so that there is very little relief from increase in capital.

And it comes down that the only big relief in sight is to increase the deposits of the banks, and the fight in banking to-day is not who shall lend money, but who shall get the deposits from the people, and especially from the people in the small places. And that is why there are so many branches, not so much to serve the small places with loans as to get the deposits therefrom for use in the big centres.

There remains then the question of offering inducements to get deposits or going abroad to get deposits. We do not believe the banks are putting up a vigorous enough campaign to get deposits from outside, and probably they do not give enough interest on deposits, and they may have to break their trade agreement to pay no more than 3 per cent., and to institute some kind of competition in the way of increasing the interest in order to get larger sums on deposit, and not only on deposit, but deposits on notice of withdrawal.

But even this is hard work, and finally it comes down to The World's proposition that if not much additional money is forthcoming in the way of increased bank shares, and not much more is to be got in the way of deposits, THEN THE ONLY WAY OF RELIEF IS A LIBERAL ISSUE OF NATIONAL NOTES LOANED TO THE BANKS, SAY, ON A 5 PER CENT. BASIS. We have no hesitation in saying that great relief would be given to the business of Canada if parliament were to authorize the issue of \$200,000,000 of national notes at all denominations, to be loaned to the banks on the banks' security at a per cent., these to take the place of the

## CANADIAN PACIFIC INTENDS TO DISTRIBUTE ITS ASSETS BY DOUBLING THE CAPITAL

Because of Agreement to Reduce Freight Rates Whenever Dividend is Raised Above Ten Per Cent., the Plan is To Pay Six Per Cent. on Increased Capital, Equivalent to Twelve Per Cent. on Old Stock.

NEW YORK, May 16.—(C.A.P.)—The World will say to-morrow morning:  
The stock of the Canadian Pacific Railroad sold yesterday at 270 a share, an advance of about 20 points within the last month. The rise is supposed to be due to a plan of the company to distribute its assets by doubling the present capitalization, which is \$237,000,000. Another reason for this increase in capital is that the road has an agreement with the Canadian government to reduce the freight rates whenever its dividend is raised above 10 per cent. The earnings of the company for several years have justified this increase. The plan is to pay 6 per cent. on the increased capital, equivalent to 12 per cent. on the old stock.

It is recalled that a couple of years ago, when a generous melon-cutting by the C.P.R. was the subject of much adverse criticism, The Toronto Globe published a series of articles intended to support the view that there could not be such a thing as a melon-cutting; and that the C.P.R.'s operation was neither injurious to the public nor of benefit to the stockholders. The position of chief journalistic apologist for the railway's methods of doing business is one that we should be very sorry to see The Globe occupying; but that is the way our contemporary is heading. It seems to be a case for "full speed astern" if there is not to be a collision with the iceberg of public opinion.—Manitoba Free Press.

## FIRE DAMAGED BED FACTORY

Loss of \$20,000 Caused to the Anchor Manufacturing Co., Mostly in Feathers and Wool.

A fire that traveled fast and threatened for some time to assume serious proportions, broke out at the factory of the Anchor Mfg. Co., 46 Niagara street, manufacturers of iron beds and bedding, at six o'clock last night.

H. F. Coombes, the manager, discovered the blaze. He stated that the watchman came into the office just as he was leaving and informed him that there was a fire in the building room behind the office. Mr. Coombes immediately opened the door leading to the room and was faced with a solid wall of flame. He then rushed to the phone and turned in an alarm. Seven sections promptly responded, but the fire had assumed such serious proportions on their arrival that District Chief Smith immediately sent for five more sections.

The blaze confined itself chiefly to the feathers and cotton wool stored in the building and the fireman had a hard time dousing it out. The damage to the building will amount to about \$5000 and \$15,000 will cover the loss to stock, which is covered by insurance.

Mr. Coombes, the manager, states that the company already has plans prepared for a new factory with 20,000 feet of floor space, to cost \$35,000, and that construction work will start at once.

present bank note issue of five hundred millions.

## STOLE DELEGATES FROM ROOSEVELT

Split Slate From Washington Rouses Colonel's Deepest Ire as He Marches Thru Ohio.

DELIANCE, O., May 16.—(Can. Press.)—When Col. Roosevelt learned of the outcome of the Republican state convention in the State of Washington, as a result of which two sets of delegates are to be sent to the national convention, he denounced the action of the supporters of President Taft there as "scandalous."

A. Paulding, he said: "The most scandalous thing our opponents have recently tried and failed in is to steal from the State of Washington the delegates from that state. Wherever we beat them two to one. Where they were not so strong we beat them about eight to one. They had no chance of any kind, and so they have endeavored to steal what they could not earn, to get by theft that what they could not get by the people."

Montana Loyal to Taft.  
LIVINGSTON, Mont., May 16.—(Can. Press.)—When Montana Republicans met in the state convention to-day the Taft forces were in control with 434 delegates against 222 for Roosevelt. The delegation to the national convention will go with the following from the resolutions to guide them:

"We express our convictions that the best interests of the people demand the re-nomination and re-election of William H. Taft, and to that end, while we rest on our delegates full discretionary powers, we request that they use all honorable means to secure such recommendation."

Conservatives Gain One.  
MONTREAL, May 16.—(Special.)—P. D'Auteuil, Conservative, has been elected in Charlevoix and Saguenay by majority of 90, giving the opposition 15 seats. The member-elect is a brother-in-law of Sir Rudolph Forget, M.P. for Charlevoix.



WITH A SILK LINE AND A STOUT POLE

## PILED UP RIGUES BY ROBBING CHURCH

Lloyd-George Hotly Assails Nobility in Debate Preceding Passage of Welsh Disestablishment Bill's Second Reading—Stormy Scene in the House of Commons.

LONDON, May 16.—(Can. Press.)—The Welsh disestablishment bill presented its second reading in a house of commons to-night by a vote of 348 to 267.

The chancellor of the exchequer, Mr. Lloyd-George, effectively used the charge that the noble families, whose representatives were the most strenuous opponents of the bill on the ground that it pillaged the establisher church, obtained their vast wealth by the spoliation of the church in the time of the Reformation.

Among the voices raised in angry protest, Lord Hugh Cecil's was the most conspicuous, to which Lloyd-George retorted:

"These charges that we are robbing the church ought not to be brought by those whose family trees is laden with the fruits of sacrilege at the Reformation. Their ancestors robbed the Catholic church, the monasteries, the altars, the almshouses. They robbed the poor. They robbed the dead. Then when we try to recover some part of this spoliated property for the poor, their descendants accuse us of theft—they whose hands are dripping with the fat of sacrilege."

Canadian Cattle Shipped to France  
Consignment of 315 Stockers Will Leave for Calais To-day.

A shipment of 315 Canadian cattle will leave the Union Stock Yards (stockers) in Calais, France, this morning, which point they will be distributed to be fattened in various parts of Normandy.

## U. E. Loyalist Luncheon

Right Hon. R. L. Borden will be the guest of honor at the annual luncheon of the United Empire Loyalist Association to-day at McConkey's at 1.15. Col. Ryerson will preside.

## NO CLEMENCY FOR RICHESON

Murderer Found to Be Sane, The Subject to Fits of Hysterical Insanity.

BOSTON, May 16.—(Can. Press.)—Clarence V. T. Richeson's last hope of escaping the death chair next week for the murder of Avis Linnell of Hyannis, expired to-night when Gov. Foss announced that he would not refer Richeson's petition for commutation of sentence to the executive council.

The statement from the governor followed closely the filing of the reports of the special insanity commission, which declared the condemned man sane, also subject to fits of hysterical insanity. The commission found that Richeson was sane at the time of the murder and that he is sane at the present time.

MARYLAND WANTS CHAMP CLARK.  
BALTIMORE, May 16.—Eight delegates at large and 24 district delegates, each with a half vote, were elected to the Democratic national convention by the Maryland Democrats in convention here to-day, pledged to support the presidential candidacy of Speaker Champ Clark "as long as there is a chance for his nomination."

The Toronto Daily and Sunday World are now delivered to any address on the island. Residents or transient visitors can receive a copy of their favorite morning or week-end paper by telephoning Main 5308. Subscribers moving to the island for the summer or for a short stay can have their regular copy transferred without trouble.

## WALL COLLAPSED WHEN HOIST STARTED

Vibration of Inside Machinery and Drying of the Bricks Cause of Disaster at Neilson Building, Says Contractor Who Examined the Construction Work.

When the Neilson inquest resumed last night in the morgue, only one witness was heard, but his evidence was more practical and instructive than that given by any other person during the previous sittings.

Robert Newell, who has had 45 years' experience as a contractor in construction work, and who examined the Neilson building at the direction of the crown, lately stated that the combined causes of vibration and a drying process in the bricks, as well as the old foundation not being in as solid a state as formerly, had, in his opinion, caused the collapse. The ties in the old wall were not as good as in the new wall. In all probability the first weakness in the wall occurred just about the first floor. The starting of the bricklayers' hoist, the vibration caused by the inside machinery, the fact that a strong man followed a heavy roof before the accident, all tended to bring about the disaster.

Bricks Had Frozen.  
In addition to this he had found that some of the bricks in the foundation of the old wall froze after being laid two years ago and became weakened by the heat, so that they were not as strong as formerly. The nature of the wall stirrups and the pressure of the joists would have the most decided effect, he declared.

The manner of conveying material to the upper storeys of the Neilson building was very unusual, as this is generally done with a hoist in the centre of the structure and not on the outside.

Few Walls Plumb.  
During his work all over the country, he only found one wall that was absolutely plumb, and that was in Hamilton, the witness contended amid laughter.

Examined by Mr. H. L. Drayton, K. C., Mr. Newell said that the slipping of the joists from the stirrups and the dropping of the floor would cause sufficient pressure on the wall to result in the collapse.

## COFFEE CORNER FOSTERED BY U.S. BANKS

Three Institutions of Money Trust Supplied Sweets to the Brazilian Government to Swell Planter's Profits and Add to Woes of American Consumer.

WASHINGTON, May 16.—(Can. Press.)—The first illustration of the activity of the so-called money trust given to the house investigating committee to-day was testimony that three New York banking institutions, the National City Bank, J. P. Morgan & Co. and the First National Bank, lent financial assistance to the government of Brazil to limit the output of coffee and maintain prices of coffee at a profitable figure for the benefit of Brazilian planters and American and European coffee dealers. This testimony came from Herman Sleicken of the New York firm of Coorsman & Sleicken, large dealers in green coffee. Mr. Sleicken was on the stand for more than three hours and his testimony was the first oral information given to the committee.

Mr. Sleicken questioned the propriety of the committee going into Brazil's affairs and challenged the attorney-general of the United States and all the attorneys of the country to discover any illegality in his actions as a coffee merchant.

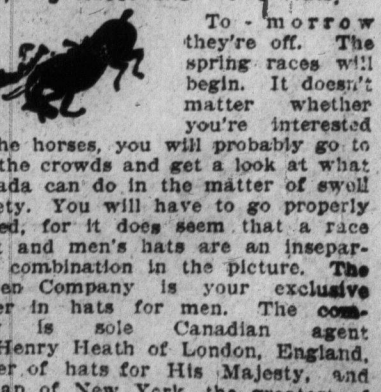
The witness said that unless something had been done to help the planters of Brazil there might have been a revolution. The price of coffee had grown so low thru over-production that the Brazilian government exercised its right to encourage planters to diversify their crops.

"Which would have been the worst, revolution in Sao Paulo or for the consumers of this country to pay much more for all their coffee?" asked Herman Ullmermyer, counsel for the committee.

"You would have had to pay that anyhow," said Mr. Sleicken. He argued that coffee would be still higher if the valorization scheme had not been put into operation.

Mr. Ullmermyer read from tables to show that the production of coffee for several years amounted to 6,000,000 bags and that it sold at from 5.10 to 7c a pound. Now the production was 14,000,000 bags and the price was between 13c and 14c a pound.

Mr. Sleicken testified that there were 4,000,000 bags of coffee now being held out of the market by the valorization committee of seven, of which he is a member. Of that amount 500,000 bags were in warehouses in New York.



Spring Races and Men's Hats.  
To-morrow they're off. The spring races will begin. It doesn't matter whether you're interested in the horses, you'll get a look at what Canada can do in the matter of swill society. You will have to go properly hatted, for it does seem that a race meet and men's hats are an inseparable combination in the picture. The Dinesen Company is your exclusive dealer in hats for men. The company is sole Canadian agent for Henry Heath of London, England, maker of hats for His Majesty, and Dunlop of New York, the greatest of American hatters.

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