

COMMERCIAL -- DEVELOPMENT -- INDUSTRIAL

ARBITRATION MAY PROVE CRITICAL

Western Railways and Their Employees Locking Horns Over Wage Question

RAILWAYS DETERMINED TO WIN

Issue Drawn as to Basis for Arbitration—Relation of Higher Wages to Higher Rates—Belief That Arbitration Has Lost in Popularity.

Washington, November 28.—Plans for the coming "wage arbitration" between the Western roads and their employees are rapidly taking form, and it is now expected that there will be an exodus from this city about the first of December in connection with the opening of the arbitration hearings in Chicago. This city has been the headquarters for the preparation of the case for the men, and a good deal of work has also been done here for supply of the roads, the records of the Interstate Commerce Commission furnishing the material upon which to work as a basis. There will be a number of attendants on the hearings who will go from here in order to keep in touch with the situation and compare the evidence adduced with that presented in the Eastern case. It is already foreseen that there may be other arbitrations in the comparative near future if this is well conducted, and it is thought necessary to keep very close to the situation as it now develops that there may be a check on the events now to occur and on the method of handling such future cases that will be effective and enlightening.

Railroads Realize Importance.

It would be putting the matter mildly to say that the railroads realize the importance of this case. They are, in fact, determined to win it. If they can do so by any legitimate means, and orders to that effect are understood to have been given those in charge of the conduct of the hearings for the roads. Arbitration has been anything but favorable to the lines in recent years, owing to the singular attitude on the part of most arbitrators that their decision could not be unfavorable to the men, but must be simply aimed to determine how much of a "raise" they were to get. This was a point of view that made its appearance very clearly during the Eastern case, when the position was baldly taken by labor men that they must be regarded as ipso facto entitled to what they already had, so that the "arbitration" could not be deemed to jeopardize that, but must be held to relate exclusively to the adjudication of proposed advances. Of course, on this theory railroads, in consenting to an arbitration, have already suffered a practical defeat, and it remains only to determine how severely they are to be made to pay. It is not known whether this issue will crop out early in the Western arbitration, but there is a strong feeling here that it should be taken up early for adjudication and settlement, and that should the method of point of view described seem likely to become a settled practice it would largely destroy the utility of arbitration as a means of equitably adjusting labor controversies. There is reason to think, therefore, that the arbitrators in this case will be called upon to consider the matter more seriously than has heretofore been required in such struggles.

Wages and Higher Rates.

In this arbitration more than in those that have preceded it is manifestly to be forced to the front the question of the relationship between wages and higher rates. The railroads in Eastern territory have had, as is well known, but small encouragement from the Interstate Commerce Commission. Should the same or a similar attitude be adopted toward future applications for higher rates in the West, the question would legitimately arise whether arbitrators can gain their own consent to a further impairment of net operating revenues of carriers through wage advances. The attitude of the Commission on this subject, as thus far indicated, will be regarded as showing what may be expected in the future, and it is believed that the situation will be more clearly defined than ever before. It should be recognized that labor organizations have never objected to increases of rates within reason, but have been favorable rather than opposed to them, considering such rate advances as likely to pave the way for better wages. Indeed, whenever the roads have urged poverty in former arbitrations labor men have frequently, if not usually, responded that this was a matter to be adjusted with the public by simply advancing transportation charges to the extent that seemed to be appropriate, whatever that might be, as, of course, determined ultimately by the Interstate Commerce Commission. The attitude of the Commission as now recognized places a different aspect upon this side of the situation, because it is believed to show that for the present at least the method of shifting wage advances to the shipper by raising rates in any general way is cut off.

Arbitration Important.

Not only on the two fundamental points already mentioned—the general question whether "arbitration" necessarily means some advance of wages, and the relation of arbitration to rates—but also in other particulars the present case is considered to be of vital significance. There has been a growth of dissatisfaction with arbitration in the past twelve months or more, a fact noted with surprise and regret by some of the men who have been foremost in promoting the arbitration cause for years past. One such man who was particularly prominent and particularly successful in carrying on such work during the Roosevelt and Taft administrations, but who is now in private life, expresses the belief that arbitration must be placed on a different, more equitable and more effective footing if it is to go on and be increasingly employed. He points out that arbitration will never be satisfactory if it is always regarded as simply more or less of a victory for one given side, the assumption being that some advance in wages is invariably to be granted. He and others, however, take the view that when advances have been granted they should be more promptly and cheerfully put into effect without further evasion or discussion. If an improvement in all these particulars should not be attained during the Western case, it is pretty generally believed by experts there will be a growth of dissatisfaction on both sides to go into arbitrations and a

STEEL RAIL OUTPUT IN THE UNITED STATES AND CANADA

Total of 857,209 Tons Last Year Against 1,019,171 in 1912.—The Breakage Prior to 1912.—Gradual Improvement in the Quality.

Interesting statistics on the output of steel rails in recent years for railroads in the United States and Canada and the percentage of failures that have occurred in the rails are given by M. H. Wickhorst, engineer of tests of the American Railway Engineering Association, in the Railway Age Gazette. By the "rail failures" is meant rails that have become broken or warped before the expiration of the period for which they are supposed to endure, or in other ways have not stood the test of locomotives and cars running over them. Each railroad was asked to furnish the number of tons of rails laid from each year's rolling in year's rolling from the date laid until October 31, 1913.

From the figures obtained from the various railroads is given the following table of total amount of rails rolled, and classification of process, in tons, during the last six years. It will be noted in the table that there has been a marked trend from rails rolled by the Bessemer process to the open hearth process:—

Year	Bessemer	Open hearth	Total
1913	63,472	793,557	857,209
1912	80,145	939,025	1,019,171
1911	276,933	646,809	923,742
1910	564,713	828,111	1,392,824
1909	432,155	461,261	893,416
1908	292,945	156,120	449,065

In considering the rail failures the rails made in 1912 and 1913 have been eliminated, as they probably have not been in service a long enough time for comparison with the older rails. For the four years preceding 1912 the percentage of failures, expressed in number of tons that failed in each 10,000 tons, are given as follows: Bessemer—1911, 9.42 tons; 1910, 13.21; 1909, 21.24; and 1908, 30.21. Open hearth—1911, 37.4; 1910, 57.6; 1909, 109.0; and 1908, 268.8. There is shown gradual improvement in the quality of the rails made by each process.

A rating of the various companies that make steel rails has been arrived at by taking the average number of failures per 10,000 tons in any year as a basis of 100 points, and comparing with it the relative number of failures from each plant. Mr. Wickhorst gives the results of this computation by ranking the companies in the following order: Bessemer process: 1—Midland, 56 relative failures; 2—Cambria, 71; 3—Lackawanna, 89; 4—Illinois, 89; 5—Carnegie, 151; and 6—Algoma, 191. Open hearth: 1—Colorado, 20; 2—Tennessee, 26; 3—Lackawanna, 52; 4—Pennsylvania, 53; 5—Maryland, 76; 6—Carnegie, 96; 7—Illinois, 107; 8—Cambria, 136; 9—Bethlehem, 210; 10—Algoma, 312; and 11—Dominion, 539.

ASTONISHING DECLINE IN "REICHSMARKS" HAS BEEN NOTED

Those Who Have Funds in Germany are Apparently Willing to Accept a Very Large Discount in Order to Realize on Them.

An article in the "Nation" of last week draws attention to some interesting features of the astonishing decline in "reichsmarks," which now amounts to a discount of quite 10 per cent from the "mint par." It is recalled that when the war broke out in August the exchange market was violently disturbed. Sterling and francs rose to unheard of levels, due to the natural attempt on the part of England and France, the principal creditor nations, to draw some of their balances. The creditor nation and yet reichsmarks, instead of following the lead of sterling and francs, moved in exactly the opposite direction.

"One thing is clear," the writer concludes, "and that is that those who have funds in Germany are apparently willing to accept a very large discount on those funds in order to realize on them. It may also be inferred with reasonable certainty that Germany had no balances in this country on current account in August. It is possible that the practically complete blockade of Germany's overseas commerce may in some measure account for some abnormality in the exchange rate at New York, but with all allowance for this, much remains unexplained. Why did Germany not have some balances on current account with us?"

"And why, with money rates now practically normal in this centre, should holders of credits in Germany be willing to make so enormous a sacrifice to obtain those credits in the shape of New York funds?"

Further on in the same article the writer raises the question whether a discount of 10 per cent in reichsmarks at New York, with francs and sterling at or above par has not a wide significance in regard to the duration of the present struggle. Ordinarily, it is suggested, such a development would reflect a strong suspicion that Germany might ultimately go off a specie basis.

In conjunction with this extraordinary decline in German exchange here comes a report from Paris that the German Government has abandoned its embargo against gold exports to the extent of sending a quantity of gold to the National Bank of Denmark to stiffen the market for German bank notes, which have steadily depreciated. The German 100 mark note has fallen to an equivalent of about 113 francs, as compared with a face value equivalent to 125 francs.

The exchange market is the most sensitive and at the same time the most accurate instrument for forecasting financial conditions. In the long run it is never wrong. No capitalist can fail to realize the significance of the present exchange market. What is shown is enough to give keen alarm. A further decline in German exchange might lead to something of an open panic in this direction.

ILLINOIS DAY PROCLAIMED.

Chicago, November 28.—The Board of Trade and the banks will not close December 2nd (Illinois Day), the new holiday proclaimed by Governor Dunne.

consequent limitation of their usefulness as a means of avoiding industrial warfare. It is hoped by non-partisan observers that such fears will not be warranted, but they are evidently entertained by well-informed men.

MADE IN CANADA

By Peter MacArthur.

Elkrid, November 28.—The preliminary winter through which we have just passed and which is now giving way to milder weather served as a kind of test which helped us to make sure that we are quite ready for real winter when it comes. It was like the warning bell they ring in the theatres a few minutes before the curtain rises. The most important thing about preparations for winter is to have everything cozy about the house and barns, so that the cold weather may be endured. The frosty weather with high winds and flurries of snow enabled us to find every unguarded crack and loose board and now that these have been attended to we can await the severe weather in a cheerful spirit. With everything cozy and plenty of feed on hand we can hibernate as placidly as the woodchucks. For the next four months our lives will be confined largely to chores and occasional visits to town to make necessary purchases. This year we have rural free delivery and will probably appreciate it more in the winter than in the summer. When there is a blizzard blowing it is sometimes hard to go to town for the mail, but this winter all we will have to do will be to run out to the road and get the mail from the box where it has been left by the postman. It is true that we shall not get our morning papers until the afternoon, but that is not so great a hardship as it might seem to city people. At the present time I find last week's paper just about as illuminating as to-day's, as far as war news is concerned, and my admiration is growing for the editors who can give us different headlines every morning with so little decisive news on which to found them. The war is worse than a nightmare. In a nightmare there is usually a rapid change of incidents but the war is about as monotonous as a flight between a couple of bull-dogs after each has managed to get a hold with which he is satisfied. There is a grave danger that before spring the constant iteration of war news will make us so accustomed to horrors that we shall not be moved as we should be by what we read. We are in danger of becoming mentally calloused and brutalized.

The campaign for the wider use of goods made in Canada has much to commend it, but it recalls some things that have been forgotten since the war began. The purpose of the campaign is that we shall have "Business as Usual" and that reminds me that we were none too well satisfied with some phases of business in the east. We have a long list of Canada millionaires who profited by business conditions that we are not at all anxious to have re-established "as usual." Are we expected to patriotically pay dividends on watered stock "as usual"? Are special privileges to be granted to profit "as usual"? A word of explanation on this point from some authoritative quarter would be welcomed. If the makers of many of our Canadian commodities would make it clear to us that the revival of business would not mean a revival of unjust profits we would take up their slogan with more enthusiasm. If it were a fitting time for such comments I could mention a number of industries whose output is free from competition, whose stock is heavily watered and whose past dividends on actual investment have been absurdly high, and I have yet to learn that they have reduced the profit-making price of their products. What we need is "Business as it should be" if we are to have a proper revival. "Business as usual" means in altogether too many cases "injustice as usual."

Another matter that has been forcing itself on public attention of late is the new conception of "service" that is moving a certain section of the people. The demands made by the war and the need of relief for its victims has caused many prominent men and women to volunteer their "service" for whatever may need to be done. This is altogether admirable, and anything I may have to say on the subject is not meant to derogate in any way the value of the services they render or the purity of their motives. But the fact that these public-spirited people act without pay or profit of any kind, as we all should when serving the needy and afflicted, and the general cause of humanity seems to be leading some people to think that the prime requisite of "service" is that it should be rendered for nothing. This is a mistake. It is all right for those who can afford to do so to give their services to any great cause without pay, but the idea of service underlies our whole social and business fabric and in the affairs of everyday life it must be paid for. But it would cause a regeneration of business if all service got what he paid for honestly, and if every man who bought service got what he paid for. When you go to the grocer and buy your necessities you are buying service, and it is important that you should get what you are ordering. A few weeks ago a correspondent commenting on this point complained: "When I buy stock they give me sole-leather and when I buy sole-leather they give me cod-fish." This might be contained indefinitely in the same strain. "When I buy strawberry jam they give me turnip jelly with weed seeds in it, and when I buy all wool clothing they give me shoddy." And so on and so on. There seems to be a lax idea of service on the part of many who serve the public and who are now clamoring for "Business as usual." Better service for the money spent on purchases would do much to revive business. In the past, too little attention was paid to service and altogether too much to profit. It is time for a change and a little frankness on the part of business men as to the profits they expect to make on the services they render the public would help the "Made in Canada" campaign.

Speaking of the "Made in Canada" movement reminds me that I have received a programme from Mr. Donald G. French announcing a series of lectures on "Made in Canada" literature. As the proceeds are all to go to the Red Cross Fund, the work he has outlined is doubly patriotic. He will raise funds for a worthy cause and at the same time help to acquaint the people of Canada with the extent, variety and quality of their national literature. It has been a matter of regret with me that our poets, novelists, historians and essayists are better known in the United States and England than they are in Canada. The larger markets offered by outside countries has allured many of our best writers beyond our borders and those who remain at home still make their most notable contributions to literature abroad. Our authors are known and admired in New York

ST. PAUL'S BORROWING IN THE LAST FISCAL YEAR

Not Known That Union Pacific Was Owner of \$5,000,000 St. Paul One-Year 5 Per Cent. Notes.—The Road's Finances.

It was rather surprising to find that Union Pacific owned \$5,000,000 one-year 5 per cent. St. Paul notes, which mature January 15 next. For the past two or three years, St. Paul has been among the boldest in going into the market for new money, and has been a more frequent visitor to bankers than most of the other trans-Mississippi roads. The last offering of bonds was made in June last, when \$30,000,000 of the new general and refunding mortgage 4½% were offered by the company's bankers. It is not believed that more than \$20,000,000 of this block were sold, but the general belief was that St. Paul's needs were quite satisfied by the sale of bonds.

In January, 1914, just about the time when the \$5,000,000 notes were sold, the company disposed of about \$10,000,000 general mortgage 4½%. On the company's balance sheet as of June 30, 1914, the \$5,000,000 notes appeared on the liability side under bills payable. There was nothing under this head on the balance sheet of the previous year.

For a road of the size of the St. Paul, its financial position as shown by the balance sheet was not particularly strong. Current assets as of June 30, 1914, exceeded current liabilities by \$2,300,000. Materials and supplies are not here included in current assets. This item totalled \$7,723,000. The year before showed net working capital of about \$5,000,000.

OPERATING HALF CAPACITY.

New York, November 28.—There has been some falling off in the demand for copper. Large agencies continue to quote electrolytic at 23¢ cents, and say there is not much to sell at that level.

For some time past reports have been current that surplus supplies of copper in this country amounted to as high as \$20,000,000 pounds. The head of one of the large copper group says he would not be surprised if the available surplus was 100,000,000 pounds below that figure.

Refinery production is getting close to the mine output. Amalgamated Refineries have been operating at 50 per cent. of capacity for some time past.

Washington, November 28.—The Washington Stock Exchange will resume trading Monday.

and London, England, while they receive scant recognition in Ottawa, Montreal, Toronto and other centres of "Canadian" life and culture. Moreover, their best work has a marked Canadian atmosphere that is sufficient to make the critics recognize a distinctive Canadian school of writers. At the present time, when we need to do everything possible to make us conscious of our Canadian nationality, we would do well to study how our national spirit has been voiced by our own writers. The work that Mr. French has undertaken is one that should receive recognition throughout the whole Dominion. Such libraries are not provided with the books of Canadian authors should secure them at once and offer them to their patrons. The book clubs and literary societies, of which there are many in the country, should devote their exercises this winter to our Canadian books and they would find the result beneficial from both a cultural and patriotic point of view.

SITUATION IN U.S. IS SLOW TO IMPROVE

Financial Conditions, However, are Very Much Better—Advance in Copper Encouraging

THROUGH TRYING TIMES

Embargoes in Many Necessary Materials of Manufacture is Causing Dullness. Western Business, However, is Better Than in East.

(Exclusive Leased Wire to The Journal of Commerce.) (Boston, November 28.—The business of the country does not keep pace with the steady improvement in financial conditions. Each week sees a new progress in the direction of normal, so far as finance is concerned, but business is slow to catch the step.

Indeed, except in a few isolated instances, the change in business is largely sentimental. This in the long run is, of course, bound to have its effect on actual volume of orders, but up to date it takes an optimist to see any marked improvement in business as a whole, notwithstanding some of the attempts to paint rosy pictures.

In the West business is better than in the East, thanks to the bountiful harvest for which there is a very large foreign demand. This naturally has made for increased purchasing power on the part of the farmer as evidenced by the reports of the big mail order houses that orders are increasing and new employes being taken on.

But, here in the East, with many of our industries seriously curtailed because of embargo on necessary materials used in manufacture, notably in dyestuffs, it is a difficulty to stir up much enthusiasm. A very encouraging sign, however, is the advance in copper, for which the demand is surprising good even at the advance of more than a cent per pound. As dull as things are now, this change for the better in copper is a straw which shows that when recovery does come, it will probably be vigorous.

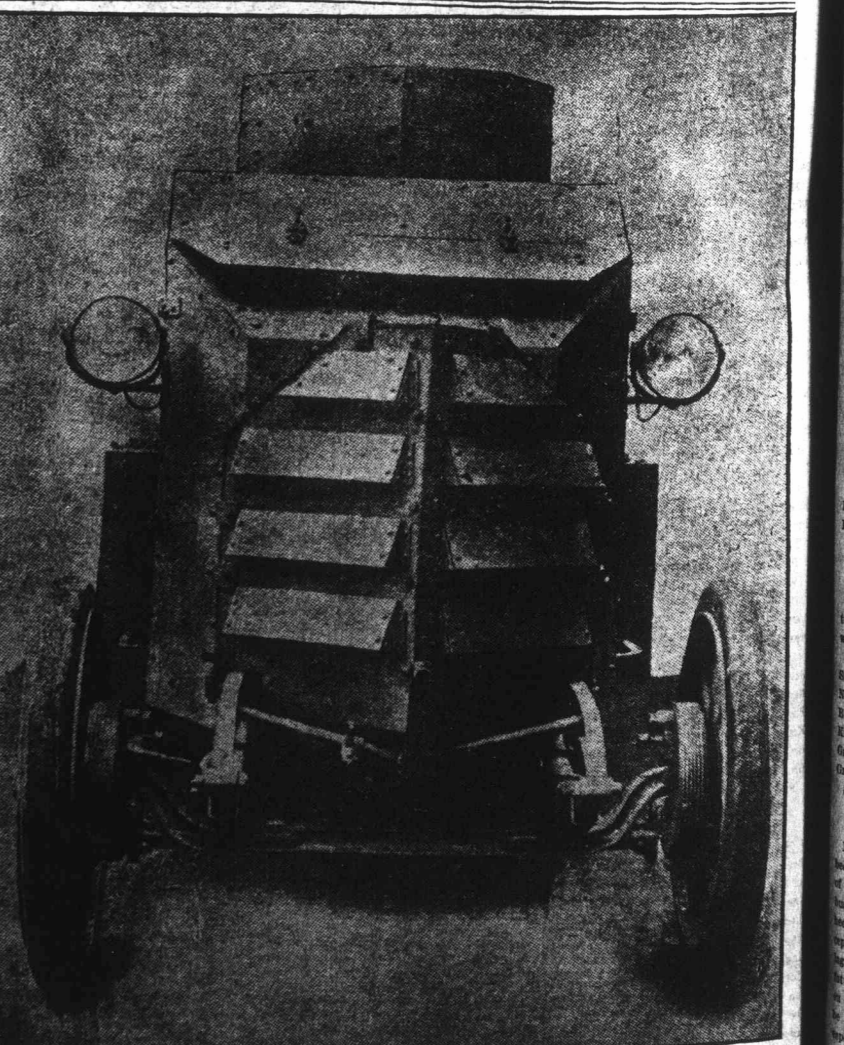
While there is very much less heard concerning the freight rate decision, than was the case when the case originally was on the tapis, yet a substantial increase in the rates would furnish a much-needed impetus to business. The best opinion is that the crux of the situation is appreciated at Washington, and that the railroads will not be denied. But the delay is exasperating and fraught with danger, and in the absence of the decision the railroads are buying from hand to mouth, which necessarily means slack business in many lines.

But we are passing through trying times. Happily, however, we have probably seen the worst of the depression both financially and in business, and although recuperation necessarily is slow, it ought to be steady from now on.

RULES FOR SALES.

New York, November 28.—The Stock Exchange has issued printed regulations governing the dealings in bonds. According to the printed notice all transactions must be made for cash or in the regular way and minimum prices will be posted before 10 a. m. Trades may be made at the minimum prices or higher without submission to the committee for confirmation, but sellers must promptly report their transactions to the committee in order that it may be fully advised as to the breadth of the market, and the level at which to permit trading.

In reporting transactions, sales for foreign account must be so designated.



A NEW TERROR. This huge 120 horse power armored motor-car has been built in England for the Russians. The car contains two Maxim guns, which the Muscovites hope to use on the Germans.

GOOD TONE TO LOCAL MARKETS FOR PULP

All Plants are Busy and the Demand is Holding Up Well—Prices are Firm

AMERICAN SHIPMENTS BETTER

The Figure for Groundwood Pulp is Stiffening. There Has Been a Steadily Increasing Demand. Sulphite Producers Will Most Likely Hold Off a While.

(Special to The Journal of Commerce.) Conditions in the newspaper industry remain the same as they have been and are getting normal all the while. There is a good, healthy tone to the market but the visions entertained by some manufacturers that prices would take a considerable jump at the close of the year when contracts which expire have to be renewed are not likely to materialize. It is learned that a few contracts already have been entered into at the same figure as a year ago. All the plants are busy and the foreign demand is keeping up the border continue to increase according to the returns tabulated and are now running about one million two hundred thousand dollars a month.

In the book and writing lines matters remain in the same and orders are rather spotty. Most of the plants are operating only five days a week. Some new business has been developed by Canadian consumers, who have not been able to get supplies of ledger, heavy book, bond and other English making Canadian plants to match these as close as possible. Water conditions are not any too good in some mills, which are located on the St. Lawrence river streams and derive their power from this source. They have been compelled to shut down one or two days owing to low levels. It is expected that the set-back will be overcome, however, as soon as the spring closes at the end of the month, or early in December. If plants were really busy, considerable work would be represented by such shutdowns. Prices are not advanced, although the cost of materials is going up considerably, and there is not any probability of any change in the situation until the termination of any new contracts for sulphite have to be made.

It is not thought that sulphite producers will enter into any lengthy arrangements with newspaper mills. It is definitely known that the effect of newspaper importations will be. The possibility of British Admiralty closing the North Sea. Some of the mills are re-tooled to be running short cut and sulphur and the latter, being obtained principally from Sicily, is contraband of war. There has been an easing off in prices, but a leading Canadian importer stated this week that, while consumption might not be so great to get foreign supplies in a limited quantities, yet he looked for a scarcity about the first of March which would cause quotations to jump to as high a point as they were immediately after the outbreak of hostilities. The figures for groundwood pulp is stiffening and there has been during the past few days a steadily increasing demand. Bags and toilet papers are in active request and mills turning out papers for paperettes are busy. Stationery are enjoying a good run owing to the contemplated active trade during the holidays. The demand for Manila and kraft papers is going on. Jobbers report a fair general turnover for their stock. They expect that business in their line will fall considerably during the coming month and generally taken off the road until the Christmas season and the time is employed in stock-taking. Cellulose is only fair and buying is in limited quantities. There has been a rise of about ten per cent on colored board owing to the scarcity of deep center grades. Prices in specialties have also considerably advanced during the past few weeks. Mixed paper, white and soft white shavings, but in other lines of unusual interest to our record.

Quotations f. o. b. Montreal, are:—
Book—News-Printing and Posters
Bond News, \$40 to \$43 per ton for large orders; \$45 to \$50 per ton for small orders.
Bond News, \$45 to \$47 per ton for large orders; \$50 to \$60 per ton for small orders.
No. 1 Book, 5 1-4c to 6c.
No. 2 Book, S. C., \$4.50 to \$4.75 in large quantities.
No. 3 Book, \$4.50 to \$4.75 in large quantities.
No. 4 Book, F., \$4.00 to \$4.25 in large quantities.
Wrapping, 5c. to 7 1-2c.
Bottle Bond, 6 1-2c. to 8 1-2c.
Wrapping Manila, 5c.
Covered Posters 4c. to 6c. per lb.
Cover Paper, 5 1-2c. to 7c.

Wrappings.
Grey Brown, per 100 lbs., car lots, \$2.25 net; 5 tons, \$21.00; 3 tons, \$25.50; 1 ton, \$27.65; less, \$2.75.
1 ton, \$27.65; 5 tons, \$29.95; 2 tons, \$33.05; 1 ton, \$37.15; less \$3.25.
No. 1 Manila, car lots, \$2.85; 5 tons, \$29.95; 2 tons, \$33.05; 1 ton, \$37.15; less, \$3.25.
No. 2 Manila, car lots, \$3.10; 5 tons, \$32.00; 2 tons, \$35.10; 1 ton, \$39.40; less, \$3.60.
No. 1 Manila, car lots, \$3.25; 5 tons, \$33.45; 2 tons, \$36.55; 1 ton, \$40.65; less \$3.75.
No. 2 Manila, car lots, \$3.25; 5 tons, \$33.45; 2 tons, \$36.55; 1 ton, \$40.65; less, \$3.75.
No. 3 Manila, H., \$2.50 to \$3.25.

On large orders to the jobbing trade some manufacturers are quoting 10 per cent off the above prices on wrapping.

Pulp.
Sulphite easy bleaching, \$43 to \$45 per ton.
Bleached Sulphite, \$41 to \$42 per ton.
Hard Pulp, \$1.60 to \$4.00.
Ground Wood, No. 1, 1 1/2 to 1 3/4.
Ground Wood, No. 2, \$22 to \$24, delivered United States.

COFFEE QUIET THROUGHOUT WEEK.

New York, November 28.—The coffee market has been quiet during the week. There was a fair degree of optimism in the spot trade, where it is felt that business will be facilitated by the opportunity for export where the houses had short contracts outstanding. There has been no incentive for anticipating the situation. Commitments could not be covered by sales in the market. It may be that advantage will not be taken of the situation but coffee looks attractive especially with Europe more of a factor in the primary markets as exports show.