Decline in Earnings of Canadian Car Co.

Net Profits Show Huge Decrease Compared With Two Preceding Years.

A sharp decline in the earnings of the Canadian Car & Foundry Company, Limited, and a number of outstanding changes from the financial position occupied a year ago, are contained in the statement of the equipment enterprise for the twelve-monthly period ended September 30, last, made public last week.

The year's profits, before allowing for interest charges and depreciation of plant, amounted to $1,515,712, compared with $2,993,471 in 1919 and $4,617,390 in 1918. After the two deductions referred to, there remained, subject to Government taxes, the amount of $539,397, against $1,887,635 in the preceding fiscal period and $3,252,609 in 1918. The result of the twelve months' operations therefore, was sufficient to meet the full year's dividends of $525,000 on the outstanding preferred stock issue of the Car Company and leave a margin or $14,397. As a payment of 1 3-4 per cent. on account of arrears on the securities was made, involving the distribution of $131,250 among shareholders, the sum paid out during the year was $656,250, or almost $117,000 in excess of the net profit shown in the profit and loss account of the company.

The president of the enterprise, W. W. Butler, in reviewing the results of the year in his report to the shareholders, states that the business done in the period amounted to approximately $27,000,000, as compared with $33,000,000 for the previous year, and goes on to say:

"The business done during the year was all in the regular lines of the company's products, but, in explanation of the comparatively small profit shown, your directors have to point out that, in common with all other companies engaged in the maufacture of products into which iron and steel largely enter business was carried on during the year under most difficult conditions. In addition to internal labor difficulties, the congestion in the American steel mills which followed the strikes in the United States early in the year, together with American railroad embargoes, retarded in a most serious way the output of your companies, and at no time during the year were your plants able to operate to anything approaching capacity owing to shortage of materials necessary to complete the orders received."

Profit and Loss Figures.

The profit and loss accounts of the last three years are compared in the following table:

	1920.	1919.	1918.
Profits	$1,515,712	$2,993,471	$4,617,390
Interest	459,515	537,117	653,218
Balance	$1,056,197	$2,456,354	$3,964,172
Depreciation	516,800	568,719	711,503
Net prof.	$539,397	$1,887,635	$3,252,609
Prev. bal.	*6,360,456	5,830,172	2,840,063
Total	$6,899,853	$7,718,807	$6,092,672
Pfd. divs.	656,250	656,250	262,500
Surplus	$6,243,603	$7,061,557	$5,830,172

* After adjustments.

The balance sheet portion of the statement discloses in striking fashion how radical were the changed conditions prevailing in the field in which the company operates, as compared with those of the preceding year. Operations, President Butler states in his report, were retarded by the delay in recepit of materials, which was responsible for the accumulation of large inventories and a concurrent increase in liabilities. Current assets, however, as will be seen in the following, exceeded liabilities of a similar category by slightly more than 8½ millions, against over $10,000,000 in the 1919 exhibit, and some 9 millions in 1918. The summarised figures follow:

	1920.	1919.	1918.
Curr. assets:	$20,720,183	$12,438,623	$18,148,601
Curr. liabs.:	12,219,602	2,074,648	9,128,638
Working cap.:	$ 8,500,581	$10,363,975	$ 9,019,963

Inventories Doubled.

Inventories were responsible for almost $7,400,000 of the increase in the assets given above, with accounts and bills receivable up by almost $1,800,000. Cash on hand and temporary investments, totaling $1,825,333, compare with $2,718,214 shown in the previous statement, a decline of $892,881. The heavy increase in inventories which, at $14,788,960 were more than double those at the end of the 1919 period, was responsible for the inclusion among the liabilities of the substantial item of $5,250,000, representing advances made by the company's bankers and from other sources, while accounts and bills payable were increased by more than $5,000,000 to $6,714,230 in the year.

Referring to the financial position occupied at the end of the twelve months, Mr. Butler states:

"This condition of affairs, however, is but temporary, and the execution of the business remaining unfilled at the close of the year will, it is considered, satisfactorily restore the liquid capital of the company and materially strengthen its resources."

Unfilled Orders Heavy.

Mr. Butler states that the future is favorable to the profitable operating of the company's plants.

Ontario Farmers Double Turnover

Wheels of United Farmers' Co-operative Company, Running Smoothly, Says President.

"We can truthfully say that the wheels of our business are running smoothly, with every prospect that they will so continue," was the cheering information imparted at the seventh annual convention of the United Farmers' Co-operative Company, Limited, held in Toronto last week, by the president, A. A. Powers, President Powers announced that the directors of the company had decided to recommend payment of a dividend of 7 per cent per annum upon the capital, as heretofore. About $33,000 is added to the reserve fund.

One disappointing piece of news given by President Powers was that the company would not be able to distribute profits upon purchases, as had been promised last year, owing to the unsatisfactory result from another department of the business. The president expressed a hope that "a fairly generous distribution of profits" might be made in the future, his hope being based upon the present business of the company.

Since the company established an egg and poultry department, President Powers said, it had paid out for these products over $600,000. The total turnover in the live stock department at the Union Stock Yards in Toronto had been nearly $11,000,000 for this year, he stated. A branch was opened at the C. P. R. yards in Montreal early in the spring.

The total turnover of the Farmers' Co-operative Company, the president announced, had been nearly $19,500,000 this year as compared with $8,500,000 in 1919.

Tom Moore's Remedy For Unemployment

President of Trades Congress Suggests Assessing Employers to Provide Insurance.

Unemployment insurance in Canada was advocated by Tom Moore, president of the Dominion Trades and Labor Congress, in an interview at Toronto, last week.

"Insurance is the only permanent solution of the unemployment problem", Mr. Moore said. "We realize that any scheme, in order to be a success, must have within it some incentive to limit the amount of unemployment. This incentive could be secured by assessing employers according to the number of men they lay off from their normal staff."

Establishment of administrative boards throughout the country by the Dominion Government was suggested by Mr. Moore, the duty of the boards being to ascertain the normal working conditions and number of employees in each factory during good times, and levy an assessment, somewhat similar to that levied by the Workmen's compensation boards in the various provinces. By these assessments a fund could be built up for the protection of workmen during periods of unemployment, according to Mr. Moore.

Mr. Moore expressed himself as in favor of some phases of the system of unemployment insurance which Switzerland had. In Switzerland, he said, employers are prohibited from laying off men for economic reasons until they have reduced the working hours per day to at least one half the normal number, and only when the wages of the workman fell below 75 per cent. of the normal wage.

Express Rate Increase To Be Temporary

Railway Board Closes Hearing in Application for 40 per Cent Raise.

Hearing of the application of the Canadian Express Association to the railway board for a forty per cent. increase in express rates is concluded. Judgment was reserved by the board, but Chief Commissioner Carvell said that it would be delivered as expeditiously as possible.

The need for an early putting into effect of higher rates was urged by Hon. F. H. Phippen in closing the argument for the express companies. In summarizing the needs of the companies he asserted that owing to the conditions brought about by the war the Dominion Express Company alone in recent years has lost four million dollars in cold cash. The position of the companies was described by Mr. Phippen as being "intolerable", and he asked the board to deal with the matter as business men.

Mr. Phippen argued that the present was no time to hold an inquiry looking to a readjustment of present rates. What was required was a percentage increase as requested by the express companies. The companies, however, would be willing at once to take up with the board through its traffic officials, the matter of rate readjustment.

Mr. Phippen strongly urged the board not to take overseas business done by the Dominion Express Co. into account in arriving at its conclusions. It was an established principle, he said, that rates must be framed on the basis of a fair return for services performed. There was no good reason, therefore, why money earned overseas should be used to make up losses incurred in Canada because rates were too low to make the business profitable under existing conditions.

An intimation that any increases in express rates, authorized will be of a temporary nature was given by Chief Commissioner Carvell during the course of the argument of counsel. The statement was made subsequent to the argument of H. W. MacDonnell, representing the Canadian Manufacturers' Association, who had urged that in view of present unsettled conditions as to cost of operation and wages, and the prospective general rates inquiry, it would not be the part of wisdom to authorize permanent increases in rates.

Mr. Carvell expressed agreement with this attitude and intimated that any action taken by the board would be along these lines. The chairman during the argument again emphasized the importance of the labor factor in both the freight and express rates situation, declaring that while wages remain as high as at present, the public cannot reasonably expect lower rates.

Mr. MacDonnell stated that the Manufacturers' Association were disposed to agree that the express companies are entitled to a reasonable profit.