

COMMERCIAL -- DEVELOPMENT -- INDUSTRIAL

GROWING DISTRUST OF RAILROAD INVESTOR

Argument on Behalf of Railroads for Modification of Inter-State Commerce Commission's Order in Rate Case

CONSIDER FOREIGN MONEY

Many Railroads Could Then Largely Finance Their Requirements by Sale of Increased Stock Issues Or At Least of Convertible Bonds.

The argument of Howard S. Graham, of the banking firm of Graham & Co., of Philadelphia, made before the Inter-State Commerce Commission on behalf of the railroads for a modification of the Commission's order in the freight-rate case, has been printed in pamphlet form. We quote from it as follows:—

It is not within my province to dwell upon the indirect credit created by the development and diffusion of values, and the direct and indirect welfare of the entire population financially and otherwise, due to railroad transportation, but it would seem to come within the scope of this argument to urge the recognition of the foreign money force heretofore brought to this country and employed through the railroads in the development of our values and resources.

This source has been essential, and now, being stopped on account of the war, and probably for a long time to be curtailed, in order to provide for the rehabilitation that will become necessary abroad, we are menaced in two ways. First, being a debtor nation with great necessary development beyond our own monetary resources, and second, by the probability of the foreign money markets requiring the cash value of our securities.

We cannot well overcome the first, but we may be able to a great extent to guard against the second by establishing the integrity of our railroad credit, which would induce large numbers of foreign holders to withstand a desire to dispose of their holdings at this time, and so serve to help restore the equilibrium, which, if destroyed, would cause acute distress to this country and its people for a long time.

It is estimated that from \$4,000,000,000 to \$6,000,000,000 American securities are held by foreign interests, the bulk of which are railroad debts. Realization of these due to existing conditions or disaffection, would be disastrous to an incalculable extent.

For all these reasons, which, voicing the investor, appear to be great, there is still another condition which predominates, and that is the distrust of the investor in railroad securities, and this distrust, added to other conditions, makes it imperative that our national and individual duty should be to establish this credit beyond reproach or fear as far as may be within our power, as in my opinion this, while necessary before this prevailing war, becomes now vitally essential.

Being to an extent intermediary between enterprise and capital, I have watched the distrust of the investor in railroad securities with apprehension, bearing in mind the evil effect of unwelcome flotation of securities, and have reached the conviction that without help and relief the railroads themselves, even under normal or prosperous times, will be unable to sufficiently augment their credit to be able to render their securities more necessarily desirable, and the granting of the petition for modification of order appears to be requisite. I feel that if your Commission should decide that the full measures of relief petitioned for are equitable and just, that not only would railroad and all other credits be in better repute and assume their proper place in the investment world, but the action would be the most important factor that could be adopted for the immediately necessary and continued improvement of commercial conditions, especially at this critical time, for the establishment of our domestic and foreign confidence.

The continued and growing distrust of the investor in railroad securities is a condition that had not reached its culmination when the present war crisis arose. The markets have evidenced it to the observer and the dealer in securities has been compelled to exercise his best energy to combat it. It has not been a theory, but an entrenched fact.

Granting that commercial expansion would be accompanied by increases in gross earnings of railroads, I earnestly maintain that the essential line of credit demarcation and confidence would still remain unchanged, as future prosperity would entail expenditures and future recessions would find the railroads with more to maintain and probably at a greater cost.

The contention that present and future conditions could be overcome by reducing or passing dividends, in order to conserve surplus accounts, seems to me to be more than dangerous, as the effect would be to still further discourage investment in bonds by injuring the value of stock equities. The bondholders' safeguards are surplus and stock equity, and his inspiration to confidence is a dividend record. No property should be maintained if at all possible, as no property can be considered stable or desirable that has not established, or has not reasonable expectation of so establishing its affairs. While it is true that a surplus account is created for the protection of the property, it can only be expected to cover a reasonable emergency, and not a long period of various adverse conditions.

The fact that demands full emphasis, is that independent of commercial activity or depression, the freight rates accorded the railroads should be such as to permit them not only to maintain a sound and permanent basic line of credit, in order to hold continuous confidence in their various classes of securities, but to encourage new capital for future financing requirements, and this, I believe, can only be accomplished by ability to demonstrate the stability of railroad properties under varying conditions, and to enable the stocks of railroads to become more desirable by an enhanced earning capacity. Many railroads could then largely finance their requirements by sale of increased stock issues, or at least issues of convertible bonds adding thereby additional equities to securities already outstanding, as well as increasing the value of the capital stocks issued and to be issued, and protecting themselves and the public in that way against times of ordinary business depression.

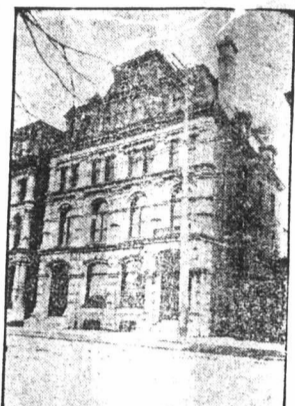
WANT BREWERY LICENSES.

Ottawa, November 27.—Several applications have been recently made to the Government for brewery licenses for British Columbia, but the Government has declined to grant them.

HISTORY AND GROWTH OF CANADIAN FINANCIAL AND INDUSTRIAL INSTITUTIONS

No. 6---THE BANK OF OTTAWA

Doubtless the men responsible for the formation of the Bank of Ottawa in 1874 felt that it was most fitting and timely that the capital of the country should possess a bank of its own. When Queen Victoria, away back in 1855, selected Bytown as the capital of Canada, there were few who thought that it would grow in the next fifty years to what it is now.

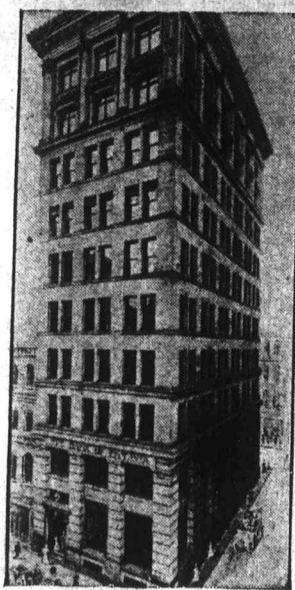


Head Office Bank of Ottawa.

beautiful cities on the continent, or that it would contain upwards of twelve inhabitants. Bytown, later known as Ottawa, was a small lumbering post on the Ottawa River, and was chosen by the late Queen as a compromise between the rival claims of Montreal, Toronto and other older and larger cities. As the seat of Government and the Legislative and Administrative centre of the country, it has an importance far in excess of its actual wealth or population. The one bank claiming Ottawa as its home has grown and developed with the city, whose name it bears and with the country whose financial and commercial activities it has helped expand.

The Bank of Ottawa was founded and commenced business in 1874 with a paid-up capital of less than

1902, and was succeeded by Mr. George Hay. Six years later, Mr. Hay retired on account of ill-health,



Montreal Office Bank of Ottawa.

and was succeeded by Mr. David MacLaren. Last year, Mr. MacLaren retired on account of illness, and was succeeded by the vice-president, the Hon. George Bryson, one of the directors of the bank when it was organized forty years ago.

The Bank of Ottawa has never adopted the policy pursued by many banks in Canada of absorbing smaller banking institutions. The position it now occupies was built up through its own unaided efforts. Careful, conservative banking to an unusual degree has characterized the regime of Mr. Burn and his asso-



MR. GEORGE BURN, General Manager, Bank of Ottawa.



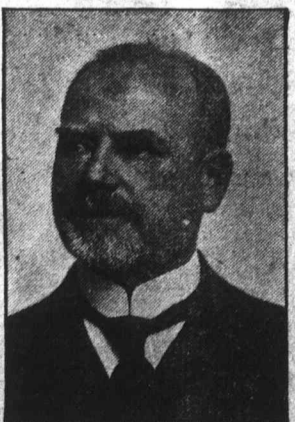
HON. GEORGE BRYSON, President, Bank of Ottawa.

\$350,000. In the forty years it has been in existence, the capital has grown from this small figure to \$4,000,000 with a reserve fund of almost \$5,000,000, total deposits of \$39,000,000, and total assets of nearly \$55,000,000. The bank possesses one hundred branches, scattered from Montreal to the Pacific Coast, where they have been prominent factors in furthering the financial needs of the communities in which they are placed.

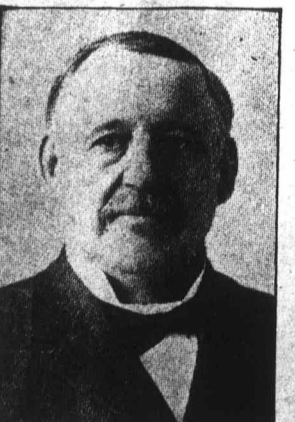
The bank commenced business under the presidency of James MacLaren, with Charles Magee, as Vice-

president. Under their management the bank has made steady and consistent progress. At incorporation the bank had an authorized capital of \$1,000,000. To this was added \$500,000 in 1891; another \$500,000 in 1897; \$1,000,000 in 1902, and \$2,000,000 in 1907, making a total authorized capital of \$5,000,000, of which \$4,000,000 has been issued and paid up. The Bank of Ottawa is not as large as some of our other financial institutions, nor has it had as lengthy a history. Its growth and development, however, have been intimately bound up with the growth of the country and

especially of the City of Ottawa. Since the above was written the name of Mr. George Burn, General Manager of the Bank of Ottawa and Senior Vice-President of the Canadian Bankers' Association, has been prominently mentioned for the Presidency of the Bankers' Association, and his official appointment is expected to be confirmed at any moment. Mr. Burn is now the oldest General Manager in Canada in point of service, having had a long and honorable career as General Manager of the Bank of Ottawa. In banking circles and among business men he is regarded as the logical successor to the late Colonel Wilkie, and it is felt that under his presidency the Canadian Bankers' Association will maintain its former important place in the direction of the country's financial affairs.



MR. D. M. FINNIE, Assistant General Manager, Bank of Ottawa.



MR. E. C. WHITNEY, Director, Bank of Ottawa.

President, and the following directors:—C. T. Bate, Robert Blackburn, Hon. George Bryson, Hon. L. R. Church, Alexander Fraser, Allan Gilmour and George Hay. Mr. Patrick Robertson was the first cashier, being succeeded in 1880 by Mr. George Burn, an experienced banker who has ever since remained at the head of this bank, taking the title of General Manager in 1892. Mr. Burn is assisted by Mr. D. M. Finnie, who for many years was manager of the Bank of Ottawa at Arranville. Mr. Finnie was first appointed as assistant manager in 1892 and twelve years later was appointed assistant general manager. Mr. James MacLaren, who occupied the position as president for eighteen years, died in 1891 and was succeeded by Mr. Charles Magee, who retired from the position in

AGENT FOR NEARLY ALL THE BELLIGERENT COUNTRIES

Charge Brought Against Schwab Has Forced Him to Give All Public Places a Wide Birth.

Some reports have had Charles M. Schwab, president of the Bethlehem Steel Corporation, acting as agent for nearly all the belligerent countries of Europe. According to certain rumors, Schwab's war orders run into hundreds of millions of dollars, although Bethlehem Steel is limited to not much more than \$50,000,000 of gross business annually, including rail and structural. This brands as absurd some of these dizzy estimates.

The coupling of Schwab's name with war orders from Europe, and the statements that he is acting as commissioner for European countries have caused the steel magnate to give public places a wide berth. Would-be inventors of new devices to wipe out whole armies at a clip, sink powerful dreadnoughts, reduce big Zeppelins to powdered form, guns that will carry great distances, fade-away howitzers, etc., are haunting Schwab's peace of mind day and night. The European war has caused American ingenuity to run riot, and Schwab is the innocent victim. Like the Turk, he is generally on the defensive and retreating. Hence are a few inventions from the American brain that Europe may be interested in. There will be no trouble in arranging interviews with the inventors.

New gun that will bag a Zeppelin at any height, with an ingenious range finder.

A dozen or more types of submarines. One has a magnetic nose and can't miss the mark. The armor plate on the vessel draws the torpedo right to it, even if the gunner does shoot a few hundred yards to the right or left. The crew of the submarine can then go back and get its iron crosses.

Winter styles of bullet-proof coats, all shades and varieties.

A gun that can fire a projectile miles beyond the range of the biggest guns now used by Germany.

Projectiles that carry all kinds of acids and chemicals that put soldiers into their death sleep if they take a sniff. One inventor with long hair and green eyes would like to finance a company to make a projectile that carries tons of snuff. On explosion regiments are thrown into violent fits of sneezing and taken prisoners before they can recover. Incidentally, this should be a bullish argument for American snuff.

Aeroplane that can be perforated with bullets and still navigate.

Mines of all shapes and sizes, guaranteed to annihilate whole cities and make a fleet of battleships good material for the scrap heap. If unsatisfactory, they can be returned.

Schwab smiles when he thinks of the many war orders he is getting, but when his mind drifts to the army of inventors he is trying to outmanoeuvre, he prays for an early termination of the war.

GERMANS OPENING THEIR EYES TO THE HORRORS OF WAR

Manufacturers Think of Moving to the United States—Merchants Patriotic, but Begin to Count the Cost—Bankers May Stop the War.

A wealthy German manufacturer and bank director recently arrived in this country, for the purpose of looking over the situation with a view to removing his capital and what may remain of his plant from Hamburg to the United States, after the war is over, gives as his reasons the following: "I am first of all a German, a lover of the Fatherland, but I am not in sympathy with this war nor the Kaiser's attitude. I am thoroughly tired of militarism, its taxations in manhood and money, and the final ruin of business by war. In Germany we thought that the last straw had been applied, when the government began to tax capital; but when this war was declared, and with it the ruin of nearly all business and manufacturing in the Fatherland, I concluded it was time for me to look for fresh fields of commerce where taxations for war purposes are less exacting."

Commenting upon the general feeling of German merchants in regard to the present crisis the same speaker said: "Most Germans are patriotic, and want to uphold the Kaiser and his policies, but many of them are now beginning to count the cost. It is fully realized by bankers and big manufacturers that the German export business is ruined for half a century to come. General sympathy is with the military party in their determination to fight to the last ditch; but many of the bankers are beginning to study what this 'last ditch' policy means, and what it means particularly to them, and they are forced to the conclusion that it spells heavy loss at best, and ruin in the event of defeat in the final outcome. As the munitions of war are obtained mainly through the co-operation of the banks and financial institutions, it is becoming a serious question with these whether it is not time to call a halt in the devastation of the country not only in human life and the manhood of the nation, but in commerce and money. If the financial institutions shut down on the supply of money, the war will soon come to an end."

BEST POLICY FOR CANADA.

Toronto, Ont., November 27.—Hon. Clifford Sifton, speaking at the "Made-in-Canada" banquet of the Toronto branch of the Canadian Manufacturers' Association, defined what he considered to be the best policy for Canada to pursue in manufacturing and agricultural connection. "What was required," he said, "was a determination ever to undertake the Canadian market, a thorough development of technical and agricultural education, a persistent propaganda for agricultural improvement, an up-to-date policy for settlement in the West, and a thoroughly agricultural organization for the distribution of agricultural products."

LOWER RATES FOR ELECTRICITY.

London, Ont., November 27.—Sir Adam Beck has announced that a reduction in power rates throughout the entire Hydro Electric zone will go into effect shortly. Between sixty and seventy municipalities will profit thereby.

MOLSON'S BANK DIVIDEND.

Molson's Bank has declared its regular quarterly dividend of 2 1/2 per cent, payable January 2nd to shareholders of record December 15th.

AMERICAN CARGOES ARE BEING HELD UP

Germany Has Prohibited Discharge From Steamers in Neutral Ports

VESSELS AFFECTED, 124

State Department at Washington Asked to Take Up Matter—Shipments Owned in the U. S. Cannot be Secured Until End of War—Each Steamer Considered a German Island.

New York, November 27.—The New York Journal of Commerce says that the efforts made to secure the release of American-owned cargoes in German steamers that have taken refuge in neutral ports pending the conclusion of the war are not meeting with much success, owing to the stand taken by the German Government.

It was decided yesterday that the German Government was considering every German steamer in neutral ports as German property, and as such has ordered that merchandise on the export embargo list of Germany cannot be taken from these steamers.

The German steamer Sturmfels at Massena has a large cargo of East Indian products owned almost entirely in this country. Representations were made to Germany that the American owners would like to arrange to transship this cargo to another steamer so as to facilitate its arrival here. The German Government firmly declined to allow the transshipment, indicating that each steamer was considered an island owned by Germany over which Germany had power to legislate.

If Germany's stand in this matter is allowed to go undisputed these cargoes will be held up until the end of the war. It was said that many shipments have been deteriorated to such an extent that they will not be accepted by the consignees and numerous difficulties would ensue.

The German steamer Rauenfels now at Bahia with a cargo loaded at New York for Cape Town is another of the many German steamers holding American owned cargoes.

Discussing the situation a well-known adviser said yesterday: "The State Department has taken up the matter with the German Government and we hope for a favorable solution of the situation. While the German Government's stand as to each German vessel being a German island cannot be disputed, we doubt the right of Germany to insist against the discharge of American owned cargo."

"Of course the issues vary. In the case of the Rauenfels the cargo is bound to a British possession and no doubt Germany would rather see this cargo kept away from South Africa, but the cargo is American owned and as long as the shipper is willing to pay the German line the freight due on the shipment we can perceive no ground upon which Germany can order that the cargo remain in the hold of the vessel."

"Germany has issued a list of articles the exportation of which is prohibited and has claimed that a cargo transhipped from a German vessel in a neutral port would be tantamount to an exportation from Germany."

Approximately 124 German ships with cargoes are tied up in neutral ports. A large part of these cargoes, valued at over \$250,000,000, are owned in this country. The following is a list of German vessels said to have American-owned cargoes tied up in neutral ports.

Ambrisa—New York for Hong Kong at Messina, August 4.
Drachenfels—Singapore for Continent at Sabang, August 1.
Excelsior—New York for Copenhagen at St. Michael, August 3.
Frangium—New York for Calcutta at Palma, August 2.
Hanover—Montreal for Hamburg at Rotterdam, August 21.
Kohn—Bremen for New Orleans at Boston, August 11.
Menes—Seattle for Hamburg at Las Palmas, August 22.
Mihican—Port Arthur for Rotterdam at Fayal, August 5.
Neidenfels—Karachi for Hamburg at Vigo, August 18.
Neuenfels—Bangkok for Bremen at Vigo, August 18.
Parnassos—New York for Mediterranean at Balboa, August 29.
Rauenfels—New York for Cape Town at Bahia, August 17.
There are quite a few German steamers tied up in neutral ports that have small American-owned shipments that were in process of transshipment by way of German ports to and from other parts of the world.

BREACH OF CONTRACT SUIT.

New York, November 27.—Alba B. Johnson, president of the Baldwin Locomotive Works, who is defending a \$500,000 breach of contract suit brought against him by George H. Robinson as a result of the sale of the locomotives, admitted on the witness stand before Judge Augustus N. Hand, in the United States District Court yesterday that there was a mortgage of \$10,000,000 on the works which was not listed among the liabilities at the time of the sale. In response to the questions put to him by E. Spencer Miller, attorney for the plaintiff, Mr. Johnson at first stated that the liabilities of the works at the time of the sale were only \$11,000,000, and the assets \$32,000,000.

Later he recalled that on December 30, 1910, the actual assets were \$28,000,000, taking the mortgage into account.

BANKER LEFT \$2,600,000

Chicago, November 27.—The will of Alexander A. Mackay, 82 years old, a retired banker of this city, who died in New York on November 10, was filed for probate here to-day, and showed an estate of \$2,600,000.

Three bequests of \$100,000 each were given to the Art Institute and two charitable institutions. The widow, Mrs. Madeline Mackay, receives the greater part of the estate.

ALL HEAVY WOOLLEN MILLS AT CAP

It is the Shippers Who are U
the Manufacturers as They
Behind in Deliveries

PRICES ARE HOLDING W

Spinners are Working Day and Night to K
Running—A Few Spinners Have Acc
Larger Orders Than They Can Co
plete in Period Named in
Contracts.

(Special Correspondence.)

Dewsbury, Eng., November 16.—(By mail conditions in the textile industries of the woolen district have undergone no change last week. All the mills are employed to extent of their productive capacity, and are having to be refused on account of shortage. The raw materials market is quiet, spinners having bought sufficient quantities for immediate requirements. Prices are maintained, but the tendency is towards a decline.

Inquiries made of several Army cloth manufacturers in the Heavy Woollen District have shown that the Board of Trade's question had not come to hand when the offices at were closed on Saturday. That questions those enumerated were being made with re War Office requirements, however, would not elicit any surprise. During last week many woolen mills in Dewsbury, Batley, and neighbourhood were visited on behalf of the War Office.

Mr. Howard Priestman, a well-known textile manufacturer, who made a careful investigation of the situation which is being made with the contracts which have been placed. Particulars were obtained as to dates on which orders were given, the number of yards to be produced, the dates on which they were due, and the dates on which orders had or probably will be executed. Some of the trade union officials were interviewed also. Government representative on Friday, and it is felt that the authorities earnestly desire to production of winter clothing for the British forces accelerated. At the same time it is necessary in the case of the Heavy Woollen district for any such drastic action as the closing of mills.

It is an indisputable fact that in and around batley and Batley the mills which have the equipment for the production of Army cloth are working, with very few exceptions, at the most possible pressure, and manufacturers and union officials are in complete agreement as to the severity of the strain which is being endured operatives and supervisors. The manager of a mill at which large quantities of khaki cloth being made stated, in the course of an interview, the dire necessity for warm clothing and the ability of meeting it promptly and fully with constant nightmare to him, his principals, and workpeople. There is no doubt that this case is a real, and that at the great majority of the factories an effort is being spared to secure the highest possible output. Moreover, more than once these columns, the contracts were so subordinated from the start that in addition to work being to every mill at which Army cloth could be produced there have been numerous instances in which the customers have adapted their machinery to the estimated demands of the present moment.

Spinners are working night and day, or for long hours short of those limits, to keep the running. Obviously the production of cloth is held by the production of yarn, and it is

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