

TELEGRAPH RATES MAY BE ADVANCED

Higher Wages And Increased Cost Of Material May Force Issue On Mackay Companies

PRESIDENT MAKES STATEMENT

Says it May be That Time Has Come to Take Measures to Prevent Telegraph Companies From Falling Into Conditions of Railroad Companies.

An assertion to the effect that higher wages and increased cost of material might necessitate an increase in telegraph rates was one of the significant passages in the remarks which Mr. Clarence Mackay, president, addressed to the shareholders of the Mackay Companies at the annual meeting which was held in Boston yesterday.

Mr. Mackay further pointed out that it may be that the time has come to take measures to prevent the telegraph companies from falling into the condition of the railroad companies.

Mr. Mackay's observations in full were as follows: Business depression in the United States, both before and since the outbreak of the war in Europe, has affected your telegraph company in common with other enterprises, and your trustees have been compelled to insist on the most rigid economies in operating expense; besides refusing to pay commissions to proprietors or managers of hotels, apartments, stores and other places where telegraph facilities have been installed for the accommodation of guests, tenants, or patrons; and declining to enter into unprofitable engagements with railroad companies; all of which are drains on the legitimate profits and resources of the telegraph company.

Your dividends have been earned, and as in previous years reconstruction has been charged to operating expenses, and your properties have been maintained in a high state of efficiency. Nevertheless should wages and material continue to increase in value, as they have in the past, it may be necessary to increase telegraph rates just as it has been found necessary to increase railroad rates. Unremunerative rates always mean hardships to the operating force and detriment to good service and it may be that the time has come to take measures to prevent the telegraph companies from falling into the condition of the railroad companies. The fact is also thereby emphasized that the reductions in telegraph rates and cable rates on certain classes of business during the past few years have been without justification and such land line telegraph rates as are now more or less inconsistent with other existing land line rates may have to be changed. A readjustment of rates may not be undertaken immediately, but the contingency may arise in the near future, and if so, an increase will be as justifiable as the recent increase of railroad rates throughout the United States, and as proposed in Canada.

There have been no important additions to your cable system during the year, and notwithstanding the abnormal conditions created by the war the cable systems both in the Atlantic and Pacific Oceans have been operated without interruption or even serious delay in the service. It must be a source of great satisfaction to the Federal Government and the general public, that they have available a cable traversing the Pacific Ocean touching only American soil on its way to the Far East, including China and Japan.

On the land line system substantial extensions have been made to new cities and towns. In addition to the stringing of numerous wires, a new pole line has been constructed from Cheyenne to Laramie, Wyoming, and from Fort Steele, Wyoming, across the State of Wyoming, to Salt Lake City, Utah, via Ogden, Utah, a distance of 412 miles. The standard for fast and accurate service established by your land lines cannot be approached by any other system, and constant study is being made to effect further improvement. The land line messages have been confined to two classes, day business and night business. No sub-classifications are allowed to interfere with the first-class, full-paid, regular telegrams. Innumerable letters commendatory of the company's service prove that this policy is favored by the business community. The fast service of the Postal Telegraph-Cable Company is faster than the fastest or so-called "urgent" telegraph service in Europe, and yet in Europe the fast or urgent service is charged for at three times the regular telegraph rate.

During the year there has been the usual agitation for government ownership of the wires in the United States. On December 15th, 1914, the Postmaster-General in his official report repeated a recommendation for their purchase. The President, however, when delivering his message to Congress on his opening session in the same month, made no reference to the question. The omission is significant. One of the best analyses of the subject is contained in a speech by Mr. F. G. R. Gordon, a labor representative, at the fifteenth annual meeting of the National Civic Federation, in New York City, on December 4th, 1914. A reprint is enclosed. It is worthy of careful reading because it exposes the disadvantages and extravagances of government ownership.

The decision in favor of the Postal Company in the suit against the Western Union and Southern Pacific companies to prevent the Western Union Company from keeping the Postal Company off the right of way of the Southern Pacific Railway, has been affirmed by the United States Circuit Court of Appeals, thus ending that litigation.

The Western Union Telegraph Company's monopoly in the Republic of Mexico has been referred to on previous occasions. The Postal Company still stands ready to furnish competitive telegraph service between that country and the United States at greatly reduced but yet remunerative rates. The Western Union rate between Mexico City and New York City is \$1.75, and the distance is 2,867 miles. The Postal Company's rate between New York City and San Francisco is \$1 and the distance is 3,400 miles. The Postal Company's wires already reach the Mexican border at El Paso, Texas, and can be used to give telegraph service throughout Mexico, while the Commercial Cable Company is prepared to furnish an alternate route by cable to Vera Cruz. It certainly is no object to the public either of Mexico or of the United States to continue the present monopolistic service.

The Interstate Commerce Commission several months ago began a systematic investigation into the practices which have grown up with the use of wires leased to brokers, and the enormity of the abuses disclosed prompted the management of your land line system to terminate all leases of that class. It developed that the lessees were carrying on, in addition to their own, a telegraph business for others. They had become, in fact, illegal telegraph companies. Many brokers, non-lessees, complained to the Interstate Commerce Commission that leased wires were a dis-

STRICT REGULATIONS AGAINST SUB-CONTRACTING ARE RELAXED

New and Higher Scale of Flat Rates for Material and Made Up Garments Came Into Vogue With Outbreak of War.

London, February 16.—An attempt is made in an article in the "Toynbee Record" for January to work out the way in which the money paid by the War Office to contractors for army clothing is distributed, especially where orders are sub-contracted, as is now the case to a large extent, especially in East London.

The stringent regulations as to sub-contracting were relaxed at the outbreak of the war, and a new and higher scale of flat rates for material and made-up garments issued.

The contractor who obtains an order for a quantity of garments may either make the material (all of which, except silk and thread for sewing, is supplied) in his own factory, or give it out, after it has been "cut" by power to sub-contractors.

The proportionate profit secured by the contractor and sub-contractor is shown in the subjoined table, which may be accepted subject to the caution that the tailoring trade is complicated and technical and prices therefore extremely difficult to fix.

The figures for material are based on War Office prices; the prices paid to sub-contractors are those recently fixed by certain important contractors. The workers' wages are actual figures where machinery is employed, though "the wages bill will be greater in proportion to the lack of machinery."

	Great-coats.	Jackets.	Trousers.
	s. d.	s. d.	s. d.
Cost of contractor of materials	17 7.33	7 1.75	6 2.75
Paid to sub-contractor for making up	3 3	2 9	0 10
Total	20 11	9 10.4	7 0.4
Paid by War Office for made-up garment	28 0	12 6	8 9
Gross profit per garment to contractor	7 1	2 7.4	1 8.4
Cost to sub-contractor of wages	2 3.4	2 1.4	0 7.4
Received from contractor	3 3	2 9	0 10
Gross profit per garment to contractor	0 11.4	0 7.4	0 2.4

The writer of the article points out that many sub-contractors have little experience of this class of trade. There are no rates of wages commonly recognized and therefore no means of ensuring that the fair wages clause is really carried out. Sweating is not taking place, but under-payment is general, although the profits secured by contractors are over 25 per cent. on great-coats and about 20 per cent. on jackets and trousers.

TENDERS FOR JOLIETTE BONDS.

Tenders are being called by the town of Joliette for an issue of \$112,000 5 per cent. thirty-year bonds.

crimination against them. Furthermore, the diversion of wires from the general public telegraph business to such special purpose handiworks fast service, especially during storms. Hence, in accordance with its determined policy not to allow any interference with its public service, the Postal Company discontinues leasing wires to brokers. The action has received wide endorsement, the Grain Receivers' Association of the Board of Trade of Chicago, through its Secretary, writing as follows:

"Our Committee on Telegraph Service directs me to ask you to please convey to the officials of your company an appropriate expression of the appreciation of this Association of the position which your company has taken in the matter of leasing wires.

"This Association has always stood for this principle and believes that ultimately all of our American citizenship, through their sense of fairness, will be brought to the same view."

The income of the subordinate companies of The Mackay Companies is greater than is required to pay the dividends of The Mackay Companies, but its policy is to obtain from its subordinate companies only enough money to meet those dividends.

The Postal Telegraph Employees Association continues its good work. The Association was organized in 1907, with the unique and essential features that no dues should be paid by the employee, and that the members of the Association, or their beneficiaries, should receive during sickness and at death certain cash allowances from the company. Practically all of the employees of the company are members of the association. The plan has worked harmoniously and to the great satisfaction both of the employees and of the company. It has been of substantial benefit to the employees in the way of money allowances paid by the company, and has been a benefit to the company in the increased loyalty and efficiency of the employees, who appreciate the spirit shown by the company in looking after their welfare.

A contract with the Canadian Pacific Railway has been renewed. As is well known, that railway is the largest and most important in the Dominion of Canada, and operates its own immense telegraph system. This contract is entirely different from the usual railroad-telegraph contract in the United States. It provides for the interchange of telegraph business the same as between two telegraph companies, and does not burden the telegraph company with deadhead railroad telegrams.

The twelve million dollars realized about five years ago from the sale of American Telephone and Telegraph Company stock is still preserved intact, in the highest class of securities, including New York State and New York City bonds, and this great fund is ready for emergencies and extensions.

The Mackay Companies has no debts. Its outstanding preferred shares (\$50,000,000) have not been increased during the past eight years. Its outstanding common shares (\$41,880,400) have not been increased during the past ten years. In other words, no bonds, notes or stock have been issued and no debts incurred during the past eight years.

The shares of The Mackay Companies continue to be an attractive investment for the employees of The Commercial Cable and Postal Telegraph systems, and their holdings are constantly increasing, especially as to the preferred shares. Mutual savings associations have been organized and fostered by the company, in various cities throughout the country, whereby employees are enabled to buy shares in The Mackay Companies on the installment plan. These mutual savings associations perform other important functions, as were recently described in the Saturday Evening Post:

"Take the case of the telegrapher first. In New York and elsewhere many were borrowing from loan vultures at interest rates ranging from 400 to 1,000 per cent. a year. By holding the club of attaching their wages over their heads the lenders kept the victim in a state of mental terror, which impaired their efficiency."

(Continued on Page 8.)



MR. W. K. PEARCE.
The newly elected President of the Toronto Clearing House.

AVERAGE PRICE OF LEADING RAILROAD AND INDUSTRIAL BONDS

Twenty-five Active and Representative Issues Are Featured in the Accompanying Figures.

Below we present a tabulation of 25 active high-grade and representative railroad bonds showing the average high and low prices for the past ten years and up to date, the bonds taken being: Atchafalaya, 4s, Atchafalaya, 4s, Atlantic Coast Line 4s, Baltimore & Ohio prior lien 3 1/2s, Central of New Jersey 5s, Chicago & Alton 3 1/2s, Chicago & North Western deb. 5s, Chicago, Milwaukee & St. Paul gen. 4s, Chesapeake & Ohio 1st cons. 5s, Chesapeake & Ohio gen. 4 1/2s, C. C. & St. L. gen. 4s, Denver & Rio Grande cons. 4s, Erie gen. 4s, Lake Shore 3 1/2s, Louisville & Nashville uni. 4s, Missouri, Kansas & Texas 1st 4s, New York Central 3 1/2s, Norfolk & Western 1st cons. 4s, Northern Pacific prior lien 4s, Pennsylvania Company gen. 4 1/2s, Reading gen. 4s, Central Pacific 1st ref. 4s, Union Pacific 1st 4s and Wisconsin Central 1st 4s.

	High.	Low.
1905	105.64	101.88
1906	104.04	98.88
1907	100.12	87.72
1908	100.52	91.60
1909	100.00	97.56
1910	98.48	94.76
1911	97.44	94.96
1912	96.72	93.08
1913	95.16	87.92
1914	92.68	84.32
February, 1914	92.40	89.96
March, 1914	91.96	91.00
April, 1914	91.44	90.20
May, 1914	90.92	90.08
June, 1914	91.32	90.16
July, 1914	90.16	87.48
December, 1914	86.08	84.32
January, 1915	88.40	86.80
Week of Feb. 6	88.20	87.84

The following shows the average high and low prices of 12 representative active industrial bonds, those taken being: Amer. Cotton Oil 4 1/2s, Amer. Thread 4s, Amer. Tobacco 4s, Amer. Tobacco 4s, Am. Hide & Leather 6s, Colorado Fuel & Iron 5s, 1943, Central Leather 6s, Distillers' Securities 5s, International Paper 6s, 1918, U. S. Rubber 6s, U. S. Steel s. f. 5s, and U. S. Realty & Imp. 5s:

	High.	Low.
1905	100.41	94.41
1906	100.50	93.66
1907	96.66	76.50
1908	96.25	80.90
1909	97.88	93.66
1910	97.08	93.00
1911	95.50	93.33
1912	95.50	91.50
1913	98.25	92.16
1914	98.75	93.83
February, 1914	98.00	97.00
March, 1914	97.50	96.83
April, 1914	97.16	96.00
May, 1914	96.61	96.43
June, 1914	97.00	96.16
July, 1914	96.33	94.66
December, 1914	94.00	93.41
January, 1915	95.00	93.50
Week of Feb. 6	94.50	94.16

x Exchange closed July 30. Opened in bonds November 28.

"FINANCIAL TIMES" IN ERROR

At the request of Mr. Dickinson, Editor of the Financial Times, of Montreal, we publish the following:

"The Financial Times, of Montreal, desires to obtain the fullest publicity for the correction of a statement which appeared in its columns on January 9th, and for its sincere apology for the appearance of that statement. In commenting on the structures of a Vancouver Court on the bankruptcy of another corporation, the Financial Times inadvertently used the name of the Standard Trusts Company, of Winnipeg. This error was purely one of inadvertency and an apology for the unfortunate mistake was published in the Financial Times at the earliest possible opportunity. It is hardly necessary to state that there was no intention whatever of reflecting in any way upon the Standard Trusts Company, of Winnipeg, which is a company of high standing and carrying on a very flourishing and prosperous business in Western Canada."

WOODWARD'S STORES TO INCREASE CAPITAL STOCK TO \$500,000.

Vancouver, B.C., February 16.—The stockholders of the Woodward Department Stores held their annual meeting Monday night, at which it was decided to apply to the Provincial Government for permission to increase their capital stock from \$175,000 to \$500,000. None of this stock will be offered for sale, but a limited amount will be divided amongst the employees.

ANNUAL MEETINGS TO-DAY.

Shawinigan Water and Power, Montreal.
Federal Life at Hamilton.
Mount Royal Assurance, Montreal.
Ontario Power Co., Niagara Falls, Buffalo.
Imperial Trust Co. of Canada, Toronto.
National Bridge Co. of Canada, Montreal.

BASIC PRINCIPLE OF AUSTRALIA'S NEW TARIFF IS REVENUE-GETTING

Some Articles Have Heavier Duties Imposed on Imports Than Ever Before.—No Preference For Canada or New Zealand.

The Sydney, New South Wales, correspondent of the "Economist" gives the following details of Australia's new tariff:

A new tariff has been imposed upon the people of the Commonwealth—the fourth since federation. It differs from its predecessors in several important particulars.

The first was distinctly protective, though unsentimental and full of anomalies. It was not very high compared with that of some of the States, notably that of Victoria, but was far beyond the puny attempts that had been made from time to time by protectionist governments in New South Wales to give a protective incidence to their customs taxation in aid of local industries.

The second tariff added something to this protective incidence in the import duties.

The third tariff still further raised the Customs House barriers against importers, while giving some preference to goods of British manufacture.

Now the fourth tariff is also in part protective, and some articles have heavier duties imposed on imports than ever before, but its basic principle is that of a revenue-getter.

Those who framed the present schedule had two distinct objectives. They had, first of all, to give some sop to the protectionist supporters of the Government, but more important even than this was the necessity to raise revenue.

The war is materially cutting down imports. During the first four months of the conflict there has been a shrinkage of some £5,322,000 in overseas imports, and this shrinkage is likely to be increased as time goes on, and the exports of wool and metals are curtailed through want of buyers, or owing to prohibition of export based on military necessity.

The tariff now being superseded brought in nearly £15,000,000 during the financial year 1913-14, while the new tariff, based on materially reduced imports, is expected to raise £14,250,000 for the Treasury chest.

The Government was expected to impose duties upon tea and kerosene. These two items could easily have been made to produce £1,500,000 to £2,000,000 sterling between them. But the Government has always had a keen eye to the needs of the working-man.

In Australia, more perhaps than in any country in the world, tea is a prime necessity in every home. Here beer is never found on the workingman's table; tea takes its place. So, too, tea is the beverage of the back-blocks, of the miners' camp, and the shearer's shed. The local shanty has its customers, of course; but tea is the national beverage. A tax on tea would thus have been unpopular, and so the Government abstained.

So, too, with kerosene. An increased preference has been given under the new tariff to goods of British manufacture. "British manufacture" in this connection means goods manufactured in the United Kingdom, not products of the Empire. Negotiations have been opened up at various times for the granting of a preference to Canada and New Zealand, but nothing so far has come of it.

South Africa gets a small preference, but the trade between the two countries is so small, owing to the similarity of their products, that this preference may be said to be negligible. To some extent the preference in favor of British goods is illusory. It is usually accompanied by a stiff duty on the British article. The principle of the Legislature comes to this, that it says in effect: "We shall encourage our own people to make the goods themselves if they can, and if they cannot, then we shall take British goods in preference to those of foreigners and get in some revenue in the process." Substantial increases have been placed upon the duties on luxuries, while necessities have, as far as possible, been left down lightly. Excise duties have also been increased, with the object of bringing in more revenue. It has also been announced that the Government intends to continue for a further period the bounty it grants on the production of iron and steel."

SPENCER TRASK AND CO.

New York, February 16.—Spencer Trask & Co. have leased the offices of the first floor of the Broad Exchange Building, corner of Broad street and Exchange place, formerly occupied by the Standard Trust Company. Following necessary alterations, the firm will move to the new quarters.

UNITED RAILWAY INVESTMENT.

New York, February 16.—The United Railway Investment Company's \$200,000 six per cent. notes of 1908, series M, together with interest, \$33,000, on outstanding series, will be paid at maturity, February 15, 1915.

GERMANY MUST BE ON VERGE OF GREAT RUBBER FAMINE.

London, February 16.—It is believed that in no essential commodity is Germany so short of supplies as in rubber. Not only has Great Britain included the product in the list of absolute contraband; but for nearly two months the export of rubber from the United Kingdom was entirely suspended. This put a stop to practically all the indirect trade in the commodity between America and Germany.

Now that exports have been resumed, such restrictions are imposed that the United States can only receive supplies needed for home consumption. It might be just possible for the enemy to obtain occasional consignments, either from the Dutch Colonies or Brazil, but, so long as our command of the sea holds good, this must be a very risky proceeding.

The 100,000 motor cars Germany is said to be employing with her armies will entail enormous wastage playing with her armies will entail enormous wastage country are doubtless already exhausted.

It may be possible to carry on for some time longer with the aid of re-made rubber, but the day of famine cannot be long delayed.

CANADIAN PATENT FOR SALE.

For Sale, New Canadian Patent on Thread Spool of interest to thread manufacturers, prevents the common habit of biting the thread so as to cut it and the further use of scissors, a labor and trouble saving device; it also holds end of thread and prevents unraveling. Cheap to manufacture; made of sheet tin. Apply Patentee, J. N. Nicolle, Caraquet, Gloucester County, New Brunswick.

SALESMANAGER—Export Trade. South Africa, South American and West Indian markets. Energetic worker, experienced organization and advertising; seeks position with manufacturer or exporter. Machinery, Chemicals, general trade. Reply Box S. M. c/o Journal of Commerce.

BANKERS APPROVED GOVERNMENT POLICY

Seven Leading Institutions In Accord With Changes In British Financial System

EFFORTS TO AVERT PANIC

Some London Institutions Made No Use of the Moratorium Against Their Customers.—Professional Economists Were Singularly Silent During Crisis.

A special communication from London, Eng., to the New York Journal of Commerce deals with the annual meeting of seven of the principal joint stock banks in the imperial capital, at all of which, it is pointed out, references were made to the momentous events of August last requiring the readaptation of the whole of the British financial system, and to the measures which the Government took to secure the desired ends. In each case, the speakers spoke with admiration and gratitude of the part played by the Government in dealing with the crisis. The despatch proceeds:

Walter Leaf, deputy chairman, presiding at the annual meeting of the London County and Westminster Bank, said the London and County might also claim that they took their fair share both of work and responsibility. The policy of the bank throughout was one of the broadest and most liberal considerations of the requirements of their customers, and the legitimate demands of commerce. They made no use of the moratorium against their depositors, and their current accounts were throughout conducted on the regular lines.

Augmentation of Gold.

One of the main elements in the establishment of confidence was undoubtedly the rapid augmentation of the stock of gold held by the Bank of England. The view adopted by the board was that as the first and primary object of a gold reserve was to inspire confidence, it must above all things be visible. In other words, it ought to be in the Bank of England or in the Treasury Redemption Account, not in the value of the joint stock banks. Nor did they think it justifiable, while urging the public not to hoard gold, to hoard it themselves on a large scale. Their policy, therefore, was to fix on a sum which they considered would make them absolutely safe and enable them to meet all probable calls. Even in the very height of the crisis, whenever they were asked for gold, they did not insist on paying in bank notes but always had the gold ready. When they had fixed on this sum, they paid over all that they held beyond it—a very large amount—to the Bank of England.

The chairman remarked that they had much to thank the Chancellor of the Exchequer for. He could assure them that Lloyd George did not accept the views of Zothers as a matter of course, but had very strong opinions of his own. At the same time, he was extraordinarily quick and sympathetic in taking up other points of view, and when he adopted a course which was not that of his advisers he had a very good reason indeed to show for it.

Situation Was Unprecedented.

Lord St. Aldwyn, presiding at the meeting of the London Joint Stock Bank, said the steps taken by the Government to meet the situation on the outbreak of war were unprecedented in our financial history, but the difficulties which had obliged them to be taken were also unprecedented. The professional economists had been singularly silent throughout all these troubles. He did not know what their verdict might be upon the steps that were taken, but he thought that, in the opinion of everyone, the Government acted promptly, vigorously and courageously, and that the result of what they did was, in a comparatively short time, considering the gravity of the crisis, to restore credit and confidence, and to give time to all concerned to work out, as they ought to work out, their own salvation.

Lord Incheape, at the meeting of the National Provincial Bank of England, said the loans to the Stock Exchange against securities were still under what might be termed a limited moratorium and could not be called up until the conclusion of the war, but interest on these was being regularly paid, and to some extent the loans were being discharged. The position of the National Provincial in regard to those loans was perfectly easy; the amount outstanding against the securities which they held was very moderate, and they had no reason to anticipate that they would incur any eventual loss.

Resources of the Bank.

At the meeting of the London and South Western Bank, Sir John H. Bethell, M.P., remarked that since the outbreak of the war the resources of the bank had been fully utilized so far as reasonable safety permitted, and, in fact, the period had been quite exceptional in the number and volume of advances made, chiefly in financing the importation of food and material and in the carrying out of Government contracts for the supply of the army and navy.

Sir F. G. Banbury, M.P., presiding at the general meeting of the London and Provincial Bank, remarked that he thought the banks might claim that the way in which they had emerged from perhaps the greatest crisis that had occurred for the last 100 years showed that they had been managed with prudence and ability. No doubt the moratorium caused some inconvenience to the business community, but it was met both by the banks and their customers with a desire on both sides to accommodate themselves to the difficult situation which had arisen, and the result had been to leave the financial position of the country as sound as it was at the commencement of the war.

World-Shaking Events.

At the ordinary general meeting of Parr's Bank, Mr. Cecil F. Parr, who presided, observed that all that had happened in the earlier months of the past year had been affected by the world-shaking events of the seven and six months. Never in her whole history had London, and indeed the entire country, been faced with such an imminent catastrophe, and as a country we might indeed be proud of the manner in which the crisis had been met. Mr. Parr said that the various measures promptly decided and saved the situation, and by thus successfully supporting the British credit, might be said to have saved and maintained the fabric of credit throughout the civilized world.

Sir John Purcell, presiding at the annual meeting of the National Bank, said that as regards Ireland, the action taken by the Government in readily falling in with the views of the Irish bankers, and making the notes of all the Irish banks of issue legal tender, smoothed all difficulties existing there.

CONSUMER SUFFER FROM BUDGET

Local Drug Men Busy Revising—Can Say But Little Unpleasant Is Completed

PRICES WILL ADVANCE

Ultimately, a Ten to Twelve Per Cent. Advance in Prices May Take Place.—This Will Wound Many All Taxes Mentioned, Such as Tariff, Stamp, Cheque and Other Taxes.

Business circles are very much perturbed at the present time, regarding the Budget and its effects on the Canadian trade. Dealers and manufacturers are worrying themselves with corrections, which they are not likely to come little time. In the drug business, even now, and when the Commercial Editor of the Journal of Commerce spoke to several large dealers in the morning, but a few were in a position to give any kind of a statement at all.

Probably the first hand to feel the effects of the Budget will be the importers. These will be the wholesalers who will have to increase their prices to cover the cost of the taxes. Then again, as retailers, they will have to charge more for their supplies, which will be paid by the consumer, whatever it may be. The new tariff, it must be remembered, is the nature of a war tax and it is over any duties which are now being imposed.

Milk, buying their supplies of chemicals, have to pay according to the increase and from a more expensive product on their part. Mr. J. E. Hayden, when interviewed by the Journal of Commerce, stated that he was causing a great deal of trouble in drug circles and at the present time, all large wholesalers are busy revising costs and prices. Extremely tedious operation and little can be done until this was completed.

"The Budget," he said, "means that there must be made in costs and in the meantime, as at sea. Trouble will be experienced, and it will advance so rapidly after the outbreak of war, but the large dealers and manufacturers are busy working on the costs now."

There is not the slightest doubt that the consumer will have to foot the bill, as a general rule, I do not see how he can do so on all articles, as those selling at from 10 to 25 cents per unit will have to make these up, at a minimum, to 10 to 12 per cent.

"There will be an advance generally amounting to the extent of the taxes and embodying the other taxes which are of a social nature, such as stamp taxes, cheque taxes, etc. It is very hard to say, but I think the dealer himself will stand for the most, although they may be able to work a little, the costs as they are now figuring them."

The local manager of a prominent Canadian drug firm, this morning said to the Journal of Commerce:—"Of course, it is rather early to voice an opinion on the Budget and its effect upon the drug trade, but it is safe to say that the consumer will be the one to suffer the most. Of course, the 7 1/2 per cent. taxes will be reflected in the price of the goods, and it seems that cheque, and other taxes will also be taken into consideration, as I have been able to figure, the ultimate of the Budget will be a 10 to 12 per cent. in prices, generally."

"It may seem, when looking at it from the other side, that the consumer must stand the brunt of this tax, but it must be remembered that the wholesaler and dealer cannot pay it. He has to handle the article and secure a certain profit for his work. If the article costs the price must go up. Seven-and-a-half per cent. does not appear much, when, say, a twenty-cent article is purchased, but when articles are sold in large numbers, and the value thousands of dollars, then it represents a large sum."

LIVERPOOL COTTON QUIETER.

Liverpool, February 16.—Futures closed at 4 1/4 points net higher.
May-June, 4.85%; July-Aug., 4.95%; Oct.-Nov., 5.14%; Jan.-Feb., 5.14%.

THE HOP MARKET

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