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MONTREAL, SATURDAY, JUNE 12, 1915.

Tramway Suggestions

It is to be regretted that the proposed re-arrangement of business between the City of Montreal and the Montreal Tramways Company so often provokes discussion in which considerable bias on one side or the other is manifested. There are few questions of more importance to the residents of Montreal and the suburbs, and therefore a discussion in terms of moderation, and ultimately a settlement fair to all parties concerned, are greatly to be desired. The existing charter of the company has eight years to run. Montreal has outgrown the conditions that existed when the charter was granted. Extensions and improvements are needed. On this account there is much to be said in favor of a re-arrangement at an early date, rather than to wait until the end of the charter term, provided, of course, that a fair and reasonable agreement can now be made.

The proposal to grant a thirty years franchise has elicited much criticism. It is held by many that, in an age in which improvements and changes come quickly, it would not be wise to tie up the city for so long a period as thirty years. The difference of opinion on that point, important though it is, should not prove an insuperable obstacle to a settlement. There are many features of the question upon which the ordinary citizen must frankly confess himself incapable of forming an intelligent judgment, and it would not be an injustice to the gentlemen of the City Council to say that very few of them are in that respect better qualified than the ordinary citizen. It is a case in which the city needs the advice and assistance of a man of unquestionably high character and standing, beyond the suspicion of bias, who has had large experience in the handling of the problems of tramway traffic. Such a man may perhaps not easily be found in our own country, not because there is any lack of capacity on the part of Canadians, but because, having only one or two large cities, we have not had the opportunity to give employment to many men of this kind. It should not, however, be difficult to secure the service of such a man from Great Britain or from the United States. Money spent in obtaining an examination and report from such a quarter would be a wise investment. Until the making of a careful inquiry by such a capable and disinterested authority, citizens would do well to reserve their judgment upon most features of the subject. There are, however, a few important elements of the question upon which the ordinary citizen may be able to form an intelligent opinion, or at least to offer suggestions that may be helpful.

The main question between the company and the public will, of course, be the financial one—the question of the capitalization of the enterprise and the distribution of the earnings to be produced from it. Upon that we venture to offer a few suggestions that may perhaps be considered the skeleton of a fair financial plan. Too much importance probably is sometimes attached to the question of the revenue which the city should derive from the undertaking. That is by no means an unimportant question, but it should not be the main one. The chief aim should be, not the raising of city revenue, but the obtaining for the people of Montreal of an efficient service at the lowest possible rates of fare. If it were feasible to fix at the beginning a scale of fares which would at all times yield the company just a fair return on their investment, there would be no need for any provision respecting contributions to the city treasury.

Probably the most difficult thing to determine, to the satisfaction of all concerned, will be the value of the assets which the company may put into the proposed arrangement. It should hardly be necessary to say that no consideration should be given to anything like what is commonly known as "watered stock." If there is such a thing in the finances of the company it should form no part in the formation of a new scheme. The company should be credited with a full and fair valuation for all its actual property, that is to say, its tracks, rolling stock, machinery and equipment of every kind. If, apart from ordinary depreciation, anything has occurred to make the property of less value than it formerly was, probably it might be fairly be agreed that the valuation should not be less than the cash actually put into such construction and equipment, subject, of course, to any reduction that might be necessary on account of depreciation. Such a valuation of the physical property of the company ought not to be a matter of great difficulty.

There will remain the question of the company's franchise. It is argued by some that as the franchise was not a product of the company's outlay, but was the gift of the people, it should form no part in the valuation of the company's assets. At first view this might seem to be a reasonable contention. But on the other hand it will be well to remember that while the franchise—the privilege of using the streets of the city—did belong to the people, it no longer belongs to them. It was given to the company in their charter, and subject to the conditions attached to it, it now belongs to the company. That feature of the matter may perhaps be properly compared to a subsidy granted by the Dominion Government to a railway company. Once granted and paid it becomes the property of the company. If in later years the Dominion Government desire to acquire the railway they will be called upon to pay for the property created by their own money. This has actually happened. In the case of the Tramways Company there are still eight years of the franchise to run. In the years that have passed the franchise has, no doubt, played a considerable part in the company's financing, and the investors have reaped profits from it. If no

new arrangement be made, if the present state of affairs continues, the company will reap these profits for eight years more. If the company were being disposed of their property by a process of expropriation any court dealing with the question of value would take into account these expected profits for the unexpired term. It would be reasonable, therefore, to make similar allowance now in considering what are the assets which the company will contribute in the making of the new arrangement. The manner in which the valuation so placed on the company's property and franchise should be distributed among the holders of the outstanding securities, and what re-arrangement of the present capitalization there should be, would be a matter of internal business between the company and its shareholders and bondholders, in which the city authorities need not feel concerned.

Assuming the question of capitalization to be thus settled, including provision for the creation of additional capital to meet the outlay required for extensions, the next question to be considered would be, what is a fair return to the investor on such capital? There should be a prospect of a liberal return to the investor, in fairness to those whose money is low in the enterprise, and also to make the company's securities attractive to other investors when the raising of additional capital for extensions becomes necessary. The city, we suggest, should not claim any part of the earnings of the system until after provision has been made for maintenance and depreciation and for giving to investors a return of, say, seven per cent. on the capital. That, of course, is a higher rate than could be obtained from the best class of investments, but having regard to the character of the business and the risks involved, it would not be too high a rate for the purpose. Profits in excess of that figure—say up to thirteen per cent.—might fairly be divided equally between the company and the city. This would enable the investors to obtain a return as high as ten per cent. Several suggestions might be offered as to what would be the best disposition of earnings of the enterprise in excess of the thirteen per cent. herein referred to. No part of them could reasonably be claimed by the company. A maximum of ten per cent. profit to it is ample in the case of such a public utility. The surplus should be applied in some way to the public benefit. It might all be turned into the city treasury, thus relieving the taxpayers generally, or it might be placed in a capital account, for the redemption of outstanding securities or to provide for extensions; or it might be made the ground for a revision of the rates of fare which would give the people the cheap transportation that should be the main purpose of the whole scheme.

At the end of the franchise period, in the event of no renewal being agreed upon between the company and the city, the city should have a right to take over the undertaking on the payment to the company of the recognized capital value, plus a small bonus. A plan on lines somewhat like these would, we believe, work out fairly to all concerned. The practical assurance, for such it would be, of a minimum return of seven per cent. to the investor, and a reasonable prospect of an increase up to ten per cent., would be a financial basis which would be quite attractive to capitalists, and therefore would easily command whatever additional capital might be required for the company's extensions. The city would probably get a considerable revenue from the beginning, as the earnings would be pretty certain to exceed from the start the seven per cent. to be allowed to the company, and, with the great increase of population which all feel Montreal would have, the city's share of the surplus earnings would grow to large figures.

These suggestions, we need hardly say, are put forward, not with a belief that they contain all the available wisdom on the subject, but only with a hope that they will be found to include something that will be helpful in the settlement of the financial side of the important question. Our best suggestion, we believe, is that the city authorities should not rely on their own knowledge of tramway affairs, but seek the help of a tramways expert who can properly advise them concerning details of the traffic arrangements needed to meet the wants of a great and growing city like Montreal.

Neither Germany nor Mexico should assume that watchful waiting is the only thing President Woodrow Wilson can do. He might "start something" some day.

The Wall Street Journal, commenting on the resignation of William Jennings Bryan says, "The Nobel Peace Prize has fled into thin air, but the Iron Cross is well in sight."

In 1913 Ireland did a total trade of \$718,998,000, or \$35,000,000 more than in the previous year. The imports amounted to \$358,530,000, and exports to \$359,698,000. The Irish apparently work between domestic differences.

One of the staff remarks that William Jennings Bryan looks like the late John Bunyan of movie fame, to which another member of the staff adds that William Jennings is the original movie guy—he is always starting something.

Will the Germans ever awaken to the facts of the case? Will the German Government ever permit their press to tell its readers the truth? A German reader that "a defeat of Great Britain would be hailed as relief by Australians and Canadians." Another journal, Die Welt, says: "We have already since the war began advanced much in the world's respect and admiration." What hope can there be of intelligent judgment concerning the war from a people who are fed with this kind of information?

WHAT OUR PERIL IS.

(From the New Republic.)
 Our present peril exists less in the aggravation of other nations than in our own failure to have already decided the basic notions which of themselves determine expedient conduct. If the people are determined not to arm on any account, the authorities must be exceedingly careful not to raise diplomatic issues which will in the least degree provoke opposition abroad, and must relegate to the wastebasket a number of policies of previous administrations—among others the Monroe Doctrine. If, on the other hand, we decide to maintain certain interests and policies abroad, the people must reach that decision in advance or the government will be unable to execute the popular will when the times comes. It seems unwise to provoke a dispute and then to decline to fight about it; or to determine to fight and to find ourselves without the means.

Von Buelow says he made an earnest effort to bring Italy and Austria together. And apparently he succeeded most admirably.—Southern Lumberman.

HOLLAND'S QUALMS.
 (Buffalo Commercial.)
 Holland is hoping that the German successes in the east will mean that the victors will turn their attention to acquiring territory there instead of annexing Belgium. Such an outcome is regarded as of less danger to Holland. But why contemplate a victorious Germany? France has no such nightmares any longer, nor has England nor Russia. The same might be said of Italy and a few others. The once unconquerable Netherlands must have been lending an ear to the boasting of the German soldiers' intemperance during their forward march through Belgium when enthusiasm was high. To be sure a victorious Germany would not be over-concerned about the feelings of the Dutch. But why calculate on victory in that quarter? The end of the war is not being determined by the battles of the last few weeks. It is further off than that.

"A LITTLE NONSENSE NOW AND THEN"

"O'm a peaceable man an' I hope Oi may never be anything else."
 "Then you don't want war with Germany?"
 "Oi do not. But, begorry, if Jarmany wants war wid us, Oi tink we ought to be neighborly an' accommodate 'em."—Boston Transcript.

"I am making up a list of the books that I will take with me on my vacation this summer," remarked the Old Fogey. "Can you suggest one that I should have?"
 "Yes," replied the Grouch. "Don't forget the pocket book."—Cincinnati Enquirer.

City Visitor. — Your son at college is quite an athlete I understand. Great at throwing the hammer.
 Farmer Hawbuck—Yes, gold darn it! Last time he was down I gave him a hammer to fix the barn an' he threw it so fur I hain't seen it since. — Boston Transcript.

The artist was painting—sunset, red, with blue streaks and green dots.
 The old rustic, at a respectful distance, was watching.
 "Ah," said the artist, looking up suddenly, "perhaps you, too, Nature has opened her sky-pictures page by page? Have you seen the lambent flame of lawn leaping across the livid east; the red-stained sulfurous islets floating in the lake of fire in the west; the ragged clouds at midnight, black as a raven's wing, blotting out the shuddering moon?"
 "No," replied the rustic, shortly, "not since I signed the pledge."—Tit-Bits.

Rose had called on her afternoon out to see her friend Arabella. Arabella's mistress had just purchased a parrot, and Rose was much interested in the bird.
 "Birds is mighty sensible," she observed. "You kin learn them anything, I uster work for a lady that had a bird in a clock, an' when it was time to tell the time ob day it uster come out an' say 'Cuckoo' just as many times as de time was."
 "Go along. You don't say so," said Arabella, incredulously.
 "Shure thing," replied Rose, "and de mos' wonderful part was dat it was only a wooden bird, too."

An amusing story is going the round of the Tyneshipsards at present concerning the recent visit of the King, accompanied by Earl Kitchener, to certain local works. The Royal party was in the drawing-office of a celebrated firm last Thursday, when the door opened somewhat noisily, and a youth entered, apparently in ignorance of the presence of the visitors. "You are not one of the draughtsmen, are you?" inquired his lordship of the new-comer. "No sir, I am the office-boy," was the reply, given with such an air of self-importance that the habitually stern face of K. of K. relaxed. Turning to the King, the War Lord gravely exclaimed, "Your Majesty, the office boy."

GOD'S GREATEST GIFT.

(By Joseph Dana Miller.)
 God pity those who know not touch of hands—
 Who dwell from all their fellows far apart,
 Who, isolated in unpeopled lands,
 Know not a friend's communion, heart to heart!

But pity these—ah, pity these the more,
 Who of the populous town a desert make,
 Pent in a solitude upon whose shore
 The tides of sweet compassion never break!

These are the dread Saharas we enclose
 About our lives when love we put away;
 Amid life's roses, not a scent of rose;
 Amid the blossoming, nothing but decay.

But if 'tis love we search for, knowledge comes,
 And love that passeth knowledge—God is there!
 Who seek the love of hearts find in their homes
 Peace at the threshold, angels on the stair.

The Day's Best Editorial

THE ILLINOIS LEGISLATURE.

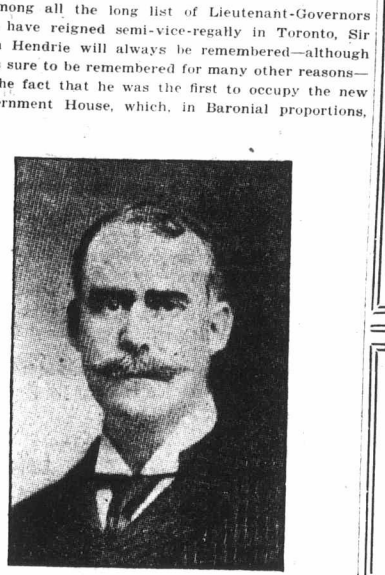
(From the New Republic.)
 Whatever forces for well-being exist in Illinois, they have peculiarly little influence on the state legislature. Two bills dictated by ordinary social conscience, a nine hour bill for women workers and a child labor bill, were ably and vigorously advocated this session, but on final consideration these bills were designedly amended into worthlessness. Few citizens outside Illinois, or for that matter inside it can follow the work of the legislators in detail, but when the command of the Illinois Manufacturers' Association is slavishly obeyed,—"Stop the mill at Springfield that wants to regulate everything," the moral of the situation is obvious. The manufacturers of Illinois conspired with their legislative servants to destroy these humane measures, and they have succeeded. They succeeded against the advocacy of organized labor in the case of the women's bill, and against all the best elements among the women as well as the men in the case of child labor. It is a triumph, but a dangerous and vicious one. It puts a temporary profit during a period of reaction against the admission of two exceedingly simple and serviceable principles. The callousness of such a policy cannot be disguised. "Even in Illinois, where a corrupt legislature is tolerated with unusual complacency, this demonstration of entrenched selfishness ought to vivify public consciousness as to the really malignant forces in the state.

IN THE LIMELIGHT
 A Series of Short Sketches of Prominent Canadians.

Sir John Strathearn Hendrie, C.V.O., Lieutenant-Governor of Ontario, upon whom the King recently conferred the honor of knighthood, has been a prominent figure in the commercial life of the city in which he was born, the political affairs of his native province and the military annals of the Dominion for a number of years past. Fifty-eight years of age, he comes of a family which has been one of distinction in the Ambitious City for at least three generations. But while used to the glamor of publicity in his various spheres of activity, Sir John is entirely unspooled of fortune. Whether in the mayor's chair in Hamilton, in the councils of the party at Toronto, or at the head of his regiment, he has always been the same modest, urbane and gallant gentleman that one knows him to be to-day.

An inkling into the simplicity of his character was given when the reporter of a Toronto paper went to congratulate him upon his new-found honors. When asked if he had assigned any reason for the action of His Majesty, Sir John said that he assumed it to be because it was customary to give Lieutenant-Governors titles, such as "K.C.M.G." But this attitude is altogether too self-deprecating on the part of the recipient of the recent distinction at the hand of his Sovereign. While in the past there have been many knightly Lieutenant-Governors, Sir John Hendrie is the only one so decorated at the present time. In the course of the same conversation Sir John remarked that to him one of the most appealing features of the occasion was the fact that his friends had all appeared so gratified over the affair. "It is pleasant to see that my old friends are pleased," he said.

Among all the long list of Lieutenant-Governors who have reigned semi-vice-regally in Toronto, Sir John Hendrie will always be remembered—although he is sure to be remembered for many other reasons—by the fact that he was the first to occupy the new Government House, which, in Baronial proportions,



commands an extended view of the Don Valley—that muddy and factory circumscribed stream which winds its way through the Eastern section of the Queen City. Many better sites might have been selected for such a structure, but whatever the defects in this respect, it is certain that there will be no cause of complaint on the part of those who are called upon to enjoy the hospitality of Lieutenant-Governor Hendrie and his charming Lady. For Lady Hendrie, in the social set of Toronto and Hamilton, has made for herself a place not less distinctive than that occupied by her husband in the wider sphere of business and public life.

Though outwardly devoted more to military and political pursuits in recent years than to business, Sir John Hendrie has never entirely given up attention to his own personal affairs. Always he keeps in close touch with the ramifications of the huge business he inherited from his father, the late William Hendrie, and which he has done so much to enlarge and extend. Sir John says that he is still compelled to follow commercial pursuits for a living, but that, of course, is a euphemism which one does not need to accept with precise literalness. It is evident, however, that he would not need to cast about for financial affairs wherein to exercise his undoubted talents. He is president of the Bank of Hamilton, and the Hamilton Bridge Works Company, and is a director in the Mercantile Trusts Company and in the Great West Life Assurance Company.

Sir John Hendrie lived the whole of his early life in Hamilton, where he was born on August 15th, 1857. Having received his early education in the public and high schools of his native city, he pursued a further course of study at Upper Canada College. On leaving school he entered the railway engineering profession, working his way up from rodman to assistant engineer on railway construction, later becoming interested in contracting on railway and public works. Next he was appointed manager of the Hamilton Bridge Company, a concern which he has seen grow from most modest beginnings, and with which, as has been already stated, he is still actively identified.

It was in 1901 that Sir John started on the road to political preferment. In that year he was elected Mayor of Hamilton, a position which he held for only one year, when he was elected to the Provincial Legislature. He was re-elected to the local House in 1905, 1908 and 1911. On the defeat of the Ross Government in 1905, the late Sir James P. Whitney appointed Sir John a Minister without portfolio in the new Cabinet. From 1905 to 1912 he held the position of chairman of the Railway Commission of the Legislative Assembly and was also a member of the Hydro-Electric Commission and the National Battlefields Commission.

Sir John has always been an ardent military man, and at the present time has at the front a son who is in the 11th Battalion—a corps which the Lieutenant-Governor commanded for many years. In 1883 he joined the Fourth Field Battery, Canadian Artillery, and in June, 1899, was appointed major in command of that battery. He commanded the Canadian Artillery at the late Queen Victoria's diamond jubilee at London, Eng., 1897, and from 1903 to 1909 was Lt.-Col. commanding the second brigade Canadian Artillery. He has long service decoration and Queen's Jubilee Medal and C.V.O. He is a past president of the Ontario Artillery Association, was president of the Canadian Artillery Association 1906-07, and was created Commander of the Royal Victorian Order by his late Majesty King Edward in 1907.

Deeply interested in athletic pastimes of various sorts, Sir John Hendrie has always had a particular fondness for horse racing. Possessing a large stable of racers, his colors have been carried to victory on every course in Canada, as well as on many

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UNCLE SAM'S MARKETING.
 The United States during 1914 purchased from the other countries of North and South America goods valued at \$650,000,000. Canada supplied \$161,000,000. Cuba, \$131,000,000; Brazil, \$101,000,000; Mexico, \$95,000,000; Argentina, \$45,000,000; Chile, \$28,000,000, and the Central American Republics, \$12,000,000.

NEW YORK M... OPENED W...
 Unusually Active Trade was Experienced -- Advanced Ea...
FEDERAL MINING
 Decision in Harvester Suit Expected Down Monday—German S... Faced With Confide...

New York, June 12.—Gains run... to a point or more were made at the trading was unusually active for... belief was still entertained that... make a sufficient concession to Am... serve as a basis of a satisfactory... To make the opening on Steel... done at 61 1/4 and 61 1/2 compared w... day's close: Bethlehem Steel opene... and the second sale was at 169. It... the \$12,500,000 which Bethlehem int... improvements and extensions woul... the earnings.

New York, June 12.—While tradin... the first half hour, the market was... of a specialty affair. Traders said... specialties was availed of for distribu... stocks. There was some selling o... Steel, the coppers and the railroads... represent for the most part realizati... a class of speculators who generall... commitments over Sunday. Federa... Steeling was the star performer, adv... to 60, while the preferred gained 5 p... at 65.

Canada Cottons Limited, has declare... preferred dividend of 1 1/4 per cent., paya... stock of record June 24. Books close fro... July 4, both days inclusive.

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