

HARVESTER EARNED 13 P. C. ON COMMON

Early in 1914 Business was Depressed
and War Later put Finishing
Touch on Trade

DEALERS WERE CONSERVATIVE

International Harvester Corporation Which Does a
Foreign Business, Made Necessarily a Poor
Record—Surplus Aggregate \$20,000,000.

Reports of the International Harvester company of New Jersey and the International Harvester corporation for the fiscal year ended Dec. 31, 1914, for each concern, have just been made public. The Harvester company shows earnings of 13.90 per cent. on its common stock, compared with 14.3 for the previous year.

The Corporation, which does a foreign business, made necessarily a poor record. Earnings on the common shares were 5.40 per cent., compared with 12.64 per cent. in 1913.

Harvester Company's Figures.

Cyrus H. McCormick, president of the two companies, says concerning the International Harvester company:

"Crop conditions in 1914 were very satisfactory and the general depressed condition of business in the first half of 1914 was reflected in the conservative attitude of the implement dealers and farmers."

Current liabilities were in the fiscal year reduced \$4,700,000. In August, 1914, the company authorized an issue of \$20,000,000 5 per cent. gold notes maturing Feb. 15, 1918. Of this amount \$5,000,000 was used to retire loans maturing in 1914 and \$15,000,000 has since been exchanged for a like amount of similar notes maturing Feb. 15, 1915.

The income account and balance sheet of the Harvester company of New Jersey follows:

Income Account.		Dec. 31, 1914.	Dec. 31, 1913.
Income from operation		\$12,206,277	\$13,284,671
Interest on loans		1,609,444	1,528,745
Res. for ore and thr. ex.		214,673	421,595
Res. for plant deprec.		1,156,542	1,290,087
Res. for spec. maint.		484,325	561,718
Res. losses on recoverables		778,000	871,000
Res. col. exp.		100,000	50,000
Appr. fire ins. fund		200,000	200,000
Appr. pension fund		200,000	200,000
Net profits		\$ 7,463,251	\$ 9,151,526
Surplus Account.		Dec. 31, 1914.	Dec. 31, 1913.
Balance Jan. 1.		\$19,608,797	\$15,793,272
Add. net profits year		7,463,251	9,151,526
Less pfd. div. 7 p.c.		2,100,000	2,100,000
Common div. 5 p.c.		2,000,000	2,000,000
Surplus for year		\$22,972,029	\$19,608,797
Balance Sheet—Assets.		Dec. 31, 1914.	Dec. 31, 1913.
Real estate, plants, ore, coal, and timber lands		\$51,697,069	\$51,759,323
Res. plant deprec.		9,430,077	8,395,387
Deferred charges		118,766	95,846
Fire ins. funds		737,600	742,119
Inventories		35,492,592	42,966,321
Receivable, less res. for losses		42,589,510	40,173,752
Cash		8,145,295	3,475,991
Total assets		\$129,260,181	\$129,938,595
Liabilities.		Dec. 31, 1914.	Dec. 31, 1913.
Preferred stock		\$30,000,000	\$30,000,000
Common stock		40,000,000	40,000,000
Bills payable		21,743,300	26,672,128
Current inv. pay rolls, int. and taxes		6,944,752	6,753,447
Pfd. div. payable		525,000	525,000
Com. Div. payable		500,000	500,000
Reserves—		Dec. 31, 1914.	Dec. 31, 1913.
Special maintenance		768,646	793,852
Collection expenses		700,000	600,000
Fire insurance		2,089,248	1,683,688
Pension fund		1,083,563	843,145
Ind. accid. fund		483,341	458,527
Contingent		1,500,000	1,500,000
Surplus		\$22,972,029	\$19,608,797
Totals		\$129,260,181	\$129,938,595

Harvester Corporation's Outlook.

In his report to the shareholders of the International Harvester corporation, President McCormick says, among other things:

"Early in 1914 the outlook for foreign business was promising. The outbreak of the European war, together with partial crop failures in western Canada and unsettled financial conditions in South America, materially affected the outcome and the receipts in foreign countries declined 12 per cent. from the previous year."

Concerning other foreign conditions, Mr. McCormick says:

The works at Croix, in France, have not been in operation since August, but no report of any damage to this property has been received. The works at Neuse, Germany, and Lubertzy, Russia, have been operating with reduced forces and have been subjected to delays and difficulties in securing supplies.

The works at Norrköping, Sweden, have been running at full capacity.

"The high rate of exchange between continental Europe and the United States has prohibited the transfer of funds to this country without very substantial losses. Consequently the company's bank balance abroad and in the belligerent countries at the close of the fiscal year amounted to \$1,000,000. The various depositories in each country have been selected with utmost care for the safety of funds, and in most cases interest is being received on the deposits."

The report says that no special provision has been made for exceptional and extraordinary losses resulting from the European war, but that the surplus, aggregating \$20,000,000, affords a substantial margin of security. In a final observation, Mr. McCormick says the stockholders of the company number 6,265, of whom one-half are employees. The income account and balance sheet of the International Harvester corporation follows:

Income Account.		Dec. 31, 1914.	Dec. 31, 1913.
Income from operations		\$7,329,825	\$10,556,625
Interest on loans		1,224,041	1,164,432
Res. for plant deprec.		725,646	645,191
Res. for spec. maint.		164,400	179,400
Res. losses on recv.		853,143	962,347
Res. for col. exps.		100,000	150,000
Appr. for fire ins. fund		50,000	50,000
Appr. for pension fund		50,000	50,000
Net profits		\$4,262,594	\$7,155,253
Preferred dividends		2,100,000	2,100,000
Common dividends		1,000,000	2,000,000
Surplus		\$1,162,594	\$3,055,253
Indicated earnings:		Per ct.	Per ct.
Preferred stock		14.22	23.85
Common stock		5.40	12.64

Combined Balance Sheet—Assets.

		Dec. 31, 1914.	Dec. 31, 1913.
Property		\$22,897,821	\$22,597,079
Deferred charges		73,269	177,004
Fire ins. fund assets		521,950	742,119
Inventories		34,560,626	43,045,992
Notes and accts. recv.		54,888,236	53,328,635
Cash		13,099,878	2,115,629
Totals		\$126,341,791	\$122,006,450

Liabilities.

		Dec. 31, 1914.	Dec. 31, 1913.
Preferred stock		\$30,000,000	\$30,000,000
Common stock		40,000,000	40,000,000
Bills payable		15,389,280	16,715,018
Accts. payable		15,525,533	11,573,397
Spec. maintenance res.		750,137	699,187
Collect exp.		800,000	700,000
Fire ins. fund		1,658,169	1,504,286
Pension fund		769,214	729,988
Industrial acc. fund		443,338	435,462
Contingent reserve		1,000,000	1,000,000
Surplus		29,011,119	18,848,525
Totals		\$126,341,791	\$122,006,450

NEW FRENCH WAR FINANCES.

Paris, June 4.—Alex. P. Ribot, the French Minister of Finance, has introduced a bill in the Chamber of Deputies providing for the appropriation of 5,000,000,000 francs (\$112,000,000) provisionally for the requirements in the third quarter of the present year.

SENTIMENT IN CANADIAN BUSINESS QUITE CHEERFUL

Though sentiment in Canadian business has recently become quite cheerful, neither trade nor industry, except in war materials, has improved much, says Bradstreet's. A good deal depends upon the size of forthcoming crop yields.

Of course, war orders cause activity in certain favored industries and take up some of the slack resulting from the slowness of domestic movements. Collections are not prompt, and the general tendency is to economize. Under the circumstances it is not astonishing to find that bank clearings for May lost ground, as it were; that is, when comparison is made with payments for April.

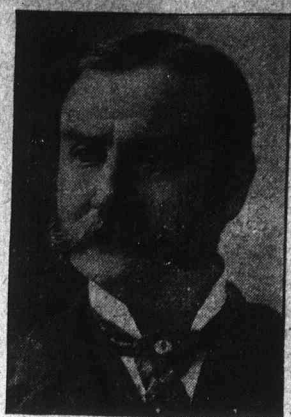
Thus bank clearings at all leading centres for the month of May, \$570,769,360, fell eight-tenths of 1 per cent. from April, 18.6 per cent. from May, 1914, 27 per cent. from the corresponding month in 1913, 29 per cent. from the like month in 1912, and 9.5 per cent. from May, 1911.

Only two cities, Ottawa and St. John, N.B., exhibit increases over May of last year. Montreal displays a loss of 12 per cent., Toronto shows one of 16 per cent., and Winnipeg records a drop of 23 per cent.

This table shows Canadian bank clearings month by month since 1911:

(Three figures omitted.)		1915.	1914.	1913.	1912.	1911.
Jan.		\$666,706	\$697,728	\$789,824	\$674,184	\$529,526
Feb.		487,296	596,837	662,766	606,371	468,084
Mar.		567,575	632,000	662,635	642,429	522,477
April		575,941	671,705	742,985	706,894	546,423
May		570,769	701,353	783,018	805,739	631,974
June		690,179	729,533	756,781	794,300	654,200
July		752,046	744,700	796,582	619,922	615,922
Aug.		571,055	678,249	737,872	582,248	515,056
Sept.		620,851	725,335	697,982	551,056	515,056
Oct.		712,723	563,664	666,191	669,822	669,822
Nov.		643,476	546,864	676,183	771,772	771,772
Dec.		610,434	830,792	836,237	698,655	698,655

For the first five months of this year the total is \$2,768,289,160, a drop of 16 per cent. from the like time last year.



MR. Z. A. LASH,
Who has been elected to the board of Hiram Walker and Sons, of Walkerville.

COULD NOT EXPORT HER SURPLUS WHEAT

Russia Seriously Affected by Having
Balance of 1914 Crop Still
on her Hands

LEATHER TRADE PROSPEROUS

Occupation by the Enemy of Several Districts
Caused a Cessation of Coal Production, but
in Others the Output is Increasing.

M. Bark, the Russian Minister of Finance, has appended to Part II. of his explanatory memorandum to the Budget for 1915 an interesting and illuminating account of the industrial activities of the Empire since the outbreak of the war. This is the first official and authoritative statement that has been made on the effects of the conflict upon Russian industries and for that reason it will be eagerly scrutinized. There is, unfortunately, no possibility of giving a complete picture of the consequences of the war to the economic life of the country, while even such information as is available regarding the state of commerce and industry since July last is not sufficient to form the basis of final conclusions. Still, such facts and figures as have been officially collected enable us to form some idea of the first results, so far as industry is concerned, of the struggle now in progress. The immediate consequence of the outbreak of hostilities was the almost complete suspension of foreign trade on the Western frontier of the Empire. In the international market, Russia's principal role is that of purveying foodstuffs and raw materials, her exports being almost exclusively agricultural. Thus, in 1913 of the total shipments of Russian merchandise over the European frontier 92 per cent. consisted in the main of agricultural produce while only 8 per cent. consisted of manufactures. Russia, then, depends for her economic prosperity on the sale of agricultural products, and, as such trade was stopped on the outbreak of war, it became necessary to increase the capacity of the home market as much as possible, and to supply the markets of neutral and allied countries as far as practicable. Fortunately, an important new consumer appeared upon the scene in the person of the army, which requires enormous quantities of foodstuffs and equipment, while certain home products formerly exported, partly at the expense of home consumption, such as maize, bran, oilcake, petroleum and hides, found a market in Russia itself. The second problem, that of ensuring a continuance of exports to neutral and allied countries, was not fully solved, though it is hoped that the measures taken by the Government to facilitate exports will eventually prove effective. The traffic capacity of the Archangel Railway and the shipping facilities at the port of Archangel are being extended, while Vladivostok now plays an important part in Russian trade as the outlet through which national produce can be dispatched not only to Asia and America, but to Southern and Western Europe.

As might be expected, Russian trade was seriously interfered with in the early days of the war by the interruption of railway traffic. All ways of communication and means of transport had to be given up for the use of the army, and all the multitudinous agricultural produce which was ready for transport remained in the hands of producers. But on the concentration of troops at the seat of war goods traffic gradually began to be restored, and eventually assumed something like its normal dimensions. Trade was also greatly embarrassed by the stoppage of credit and payments, and by the reduction in the demand for commodities which usually follows the declaration of war. However, an improvement soon set in, and the Nizhni-Novgorod Fair passed off satisfactorily, business in some commodities being comparatively brisk. Curiously enough, the withdrawal of such a mass of men from peaceful pursuits did not create a dangerous industrial crisis in consequence of the shortage of labor. Except in those localities which were the scene of military operations no serious exodus of operatives is observable, and up to October the reduction in the number of workers employed in undertakings subject to factory inspection was under 11 per cent. for the whole Empire, exclusive of the Polish provinces. This comparatively favorable state of affairs is ascribed partly to the substitution of female for male labor and partly to the increased productivity of labor owing to the prohibition of the sale of vodka. Experience has gone to show that with the establishment of sobriety there is a reduction in absences from work without due cause, and that labor is far more productive, the improvement in some branches of industry reaching 30 per cent. and even 50 per cent.

M. Bark reviews at some length the effects of the war on the economically more important branches of the national industries. The grain trade, he says, has been most seriously affected, owing to the impossibility of dealing with the surplus harvest of 1914 by exporting it. New agricultural industries which had developed in recent years under the influence of the foreign demand, such as butter-making and the breeding of poultry and swine, have likewise suffered, owing to the loss of foreign markets. The sugar industry, too, has been greatly disorganized, owing to the fact that so many works happen to be in the area occupied by the enemy. Owing to the enormous demand for footwear for the army the leather trade is comparatively prosperous. The timber trade was affected by the cessation of exports and the suspension of building operations, but there has latterly been a perceptible improvement in the home market.

The occupation by the enemy of several districts caused a cessation of coal production, but in others the output is increasing, and there is every reason to hope that Russia will procure locally all the coal she requires. The petroleum industry has been affected in two ways, first, by a reduction in drilling operations, owing to the difficulty of obtaining the necessary materials (chiefly sheet iron), and, secondly, by the cessation of exports. There are already, however, signs of an improvement in drilling operations, and the absence of exports at least ensures an adequate supply of benzine and kerosene for the home market. A shortage of coke and labor at first caused some embarrassment to the iron industry, but the supply of both has since improved, and a reduced demand for ordinary trade purposes should free an amount of iron sufficient to satisfy Russia's extraordinary requirements for war industries at the present juncture.

In his memorandum the Russian Minister of Finance gives an account of the various steps taken to ease the financial situation on the outbreak of war. They resemble, more or less, those adopted in other countries, including our own. To enable it to meet the demand for cash the State Bank was empowered to issue 1,200 million roubles of notes without any increase in the covering gold fund, bringing its total authorized issues up to over 3,000 million roubles. At the same time the obligation of cashing notes in gold was suspended. Last Christmas—that is, on the termination of the greatest strain—the issue of notes reached 2,984,000,000 roubles, the gold covering fund of such notes being 1,754,000,000 roubles, or 59 per cent., with bills of exchange and short-term commercial credit to the amount of 1,150,400,000 roubles, or 39 per cent. of the notes issued. These figures, as M. Bark contends, bear witness to the stability of the covering fund. Even before the outbreak of war a moratorium was declared for payments within the Empire, and subsequently provision was made for the postponement of bills and mercantile obligations to be settled in foreign currency for a period ending two weeks after the re-opening of the Petrograd Bourse. Thanks to the cheerfulness and calmness of the public, there was no panic, and though the Savings Bank deposits decreased on the outbreak of war, owing to withdrawals by soldiers off to the front and by their families, they subsequently recovered, and in credit institutions the outflow of deposits was likewise made good. A good indication of the favorable position of the banks generally is to be found in the fact that, according to their balance-sheets, their assets have diminished only to an inconsiderable extent since the outbreak of war. Russia, in fact, may be said to have withstood the financial strain occasioned by the war with complete success. The chief difficulty encountered was that of providing for the liquidation of obligations abroad in the absence of exports. That obstacle, however, was in a measure overcome partly by the export of gold and partly by the establishment of credits in foreign centres. With the re-opening of Archangel, after the usual winter closure, her export trade ought to show a healthy improvement, and, if, later on, the Dardanelles are opened the problem of disposing of her surplus produce and re-establishing the normal excess of exports will be solved. Meanwhile, it is cause for satisfaction that her industries have withstood the shock of war so well. There has been neither financial panic nor industrial collapse, and the exploitation of the Empire's vast resources, if disorganized or interrupted in some branches of industry, is in other proceeding normally, so that in the industrial, as in the military sphere, Russia can afford to face the future with courage and confidence.

Mexico in State of Chaos
ALL BUSINESS AT STANDSTILL

In a circular to the bondholders and shareholders of the Mexico Tramways Company, the Mexican Light and Power Company, Limited, the Mexican Electric Light Company, Limited, and the Pachuca Light and Power Company, it is stated that since the date of the issue of the last annual reports of the companies above-named the financial and political conditions in Mexico have grown steadily worse. At the present time the affairs of the country are in a state of chaos, and practically all business is at a standstill. The boards of directors and officials of these companies have given the most anxious thought to the situation and used every possible endeavor to protect the shareholders' interests. As the affairs have reached a climax and the control of the tramways has been taken out of their hands, they desire to lay the position fully before them. The existing situation does not arise from a financial weakness on the part of any of the companies. They have all had a prosperous existence from their inception, and, but for the political interference, there is no reason to believe that they would not still be earning not only the interest on their bonds, but satisfactory dividends for the shareholders. The credit of Mexico has steadily fallen. Power has been held now by one faction, now by another, and each new authority has issued large amounts of paper money, with the result that the value of the currency has depreciated, so that at the present time the rate of exchange is not more than 50 to the peso, instead of 250, the normal rate. As millions of paper pesos are already in circulation—and the amount is likely to increase rapidly—a still further drop in exchange may be expected. The Tramways Company, however, was obliged to accept this paper currency for fares, with the result that a large proportion of the gross receipts was useless for buying exchange on London and Toronto for the purpose of paying coupons or purchasing materials for maintenance and current operation.

It is now practically impossible to communicate (except with great delay) with the officials of the company in Mexico, but the latest information received states that when Carranza's representative was recently driven from the City of Mexico by Zapata he took with him the "controllers" off the cars, thereby rendering them unfit for service. As a result, all traffic has ceased. The board have made numerous protests to the authorities in Mexico, and have repeatedly filed protests against the actions of the Mexican leaders through the representatives of the British Government in Mexico, the Department of the Secretary of State in Washington and the Foreign Office in London. The authorities have not up to the present taken over the control of the businesses of the Mexican Light and Power Company, Limited, the Pachuca Light and Power Company, Limited, or the Pachuca Light and Power Company, and the physical condition of the properties of these companies has been very little injured. It has been necessary, however, to grant a large increase in wages, with a consequent decrease in net revenue, and as the income of the businesses is largely received in paper there is practically no available surplus after providing for the maintenance which is absolutely necessary to keep the businesses in operation. The board at the present time are conferring with the trustees for the bondholders as to what further steps, if any, should be

LLOYDS BANK WILL ACCEPT SAVINGS

Each of its 880 Branches will now be
Prepared to Receive
Deposits

MAY COPY INNOVATION

Other Joint Stock Institutions May Follow Suit—
Plan is Expected to Create Competition With
Government Postal Banks.

London, June 4.—An important innovation in English banking has been brought in by the directors of Lloyds Bank. They have issued an advertisement stating that they have opened a savings bank department at each of their branches, which is at the disposal of the public for the deposit of savings, however small. It is highly probable that the other big joint stock banks will follow this example, and the result will be that several hundreds of bank branches throughout the country will be encouraging thrift by inviting the public to deposit their savings.

To give an idea of the widespread influence of the leading joint stock banks in England, the following table shows the number of branches owned by some of them:

Bank.	No. of Branches.
London, City and Midland	1,054
Lloyds Bank	850
Barclay & Co.	600
Capital and Counties	500
National Provincial Bank	444
London County and Westminster	365
London and Provincial	356
Parr's Bank	329
London Joint Stock	311
Union of London and Smiths	239
London and South Western	205
National Bank	150

At the present time the chief savings bank of the country is the Post Office Savings Bank which is a branch of the Government department which controls the mails, telegraphs, telephones, etc. Under this system every post office in the country is a savings bank, but it does not advertise. In fact, it does nothing to attract customers, and it is probable that the joint stock banks will compete seriously with the Post Office Bank if they adopt Lloyds Bank's new scheme. But the Government will not be in a position to object to such competition because Mr. Lloyd George, Chancellor of the Exchequer, has been actively advocating greater thrift among the population for the purpose of carrying on the war to a successful issue in the shortest time possible.

Hitherto the joint stock banks have done nothing to encourage thrift among the poorer classes. Until quite recent times they would not accept an account of less than £25 (£125), and they would incur a charge for doing that. Consequently, the joint stock banks confined their business mainly to customers who had sufficient money to enable them to do most of their financial business by means of checks. Under this system it would be exceptional for a customer to have an account of less than £50 (£250). Under the new scheme the banks will be willing to accept deposits of £1 or even of the equivalent of a dollar in order to encourage thrift among the poorer classes.

CHICAGO STREET CAR MEN THREATEN IMMEDIATE STRIKE.

Chicago, June 4.—A warning: "Prepare to strike Saturday," has been sent out to 15,000 street car and elevated railroad employees.

This followed ultimata sent to the heads of the traction companies demanding immediate assurance of wage increases and requesting immediate replies. The companies have stated they cannot pay more than the present scale. Union leaders say they will not accept arbitration unless the agreement to do so carries with it assurance of an advance in wages.

Mayor Thompson said he would take steps looking to an amicable adjustment. The city shares in profits of street car operation.

MERCHANT BANK APPOINTMENTS.

Mr. H. M. Johnston, for the past three years manager of the Russell (Man.) branch of the Merchants Bank, is being transferred to Vegreville, Alta., Mr. H. B. Adams, a former manager, and late of New Westminster, will take charge of the branch at Russell.

taken to protect the bondholders' interests. The board feel, however, that the future of the enterprises must necessarily depend upon the development of the political conditions in Mexico and the future attitude of the United States Government towards that country.

The Quebec Streams Commission

Proposed Storage Dam on the St. Maurice
River

NOTICE TO CONTRACTORS

Sealed Tenders, addressed to the undersigned and marked "Tender for Storage Dam at La Loutre on the St. Maurice River," will be received at the office of The Quebec Streams Commission, Room 254, Parliament Building, Quebec, until twelve o'clock on Tuesday, the 15th of June next (1