

THE EVENING TIMES AND STAR, ST. JOHN, N. B., THURSDAY, FEBRUARY 21, 1918

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HERE'S ANOTHER JOLT.

Is the New Brunswick Telephone Company about to give another turn of the screw? At City Hall yesterday Mayor Hayes said he had heard rumors that matters of much more importance than the changing of the night rates were pending.

This is extremely interesting, in view of the demand of the New Brunswick Power Company for higher rates. Our public utilities are evidently not concerned about the war burdens the people have to bear. The city council does well to have a representative at the meeting of the Public Utilities Commission when this matter comes up. That body did not give due consideration to the people's rights when it permitted the New Brunswick Power Company to increase the price of gas, and the city council now asks that the order be rescinded. It should never have been made, and the users of gas are entitled to a rebate.

This local decision directs attention very sharply to the whole question of the Public Utilities Commission and its powers. It is very evident that corporate influence is to be exercised to the fullest extent in this province to secure larger profits from public utilities, and for the protection of the people it is essential not only to have a Commission of great ability and fearlessness but a law behind them that will meet the requirements of every case. This is a matter with which the legislature should deal, for the interests of the whole province are involved.

There is also the question of city representation before the board. The city council yesterday passed this resolution: "That in view of information received that there is need for the city being represented by counsel in the telephone matter now before the public utilities board and the services of the city solicitor not being available because of his being solicitor for the telephone company, immediate steps be taken to secure counsel."

The council then decides that the city solicitor cannot be the city's representative in the telephone matter, but he is in the power company affair. It is true he is not the solicitor for the New Brunswick Power Company, but it has been declared that he is the solicitor for the gentleman who is its most active director. What does the city council say to that? It has retained him and procured an assistant. The Globe has invited him to express his views concerning the demands of the power company, and that at least would seem to be essential, the more so that he is a member of the legislature to which the company will appeal for authority to fasten the additional burden upon the citizens.

The time is ripe for a complete readjustment of relations between the people and the public utility corporations, and not along the lines the corporations desire. There is a growing interest in the attitude of the board of trade will assume in relation to this whole matter. Citizens are reading over again the high-sounding prospectus issued by the board a few years ago, and asking what has happened. The public interest is involved in the demands being made. What has the board of trade to say about it?

LABOR AND THE WAR.

That was a striking paragraph in the declaration of the American Federation of Labor which said: "We have passed the period when any one nation can maintain its freedom irrespective of other nations. Civilization has closely linked together by the ties of commerce and quick communication, common interests, problems and purposes. The future of free nations will depend upon their joint ability to devise agencies for dealing with their common affairs so that the greatest opportunity for life, liberty and pursuit of happiness may be assured to all."

This is a recognition of the fact that the United States can no longer isolate herself and rest secure. The attempt of Germany to secure world-domination opened the eyes of the world, and American labor, so superior to that of Russia in intelligence, is quick to gauge the situation.

The Military Service Act is not producing satisfactory results. The government must act and act promptly in this matter. For that it was placed in power. If it fails it will deserve to be thrown out of power.

Mr. F. R. Taylor has qualified for membership in the Sunshine Club.

BRINGING OUT THE FACTS.

When the Macintyre report revealed the fact that Mr. F. R. Taylor had received \$50,000 from the New Brunswick Power Company on March 1, 1917, Mr. Taylor explained that it was for legal services covering a considerable period, with the expenses of himself and others. The official record sets the \$50,000 down as a commission voted by the board for services in connection with promoting the sale.

On Jan. 2, 1917, Mr. Taylor, having deposited certain securities, received from the St. John Railway Company a check for \$50,000. On March 1, 1917, immediately after the sale to the New Brunswick Power Company, he paid back the \$50,000. There will naturally be much curiosity as to the use to which the money was put between Jan. 2 and March 1. It is one of the interesting links in the chain of financial events which culminated in the sale of the property and the subsequent demand of the new owners for increased rates.

The conference between the city council and Auditor Macintyre yesterday brought out in clear relief the salient points of his report. It proved conclusively that there was no justification for increasing the price of gas, for the increased price of coke brought in from \$1,000 to \$2,000 per month; and that in its first eight months the new company earned enough to pay all dividends and interest on \$3,100,000, some of this at a higher rate of interest, and then had a balance of over \$80,000.

What has already been revealed merely whets the public appetite for more information.

THE PROFITEER.

There is too much fiddling at Ottawa, and too high a regard for the profiteer. The Liberal members of the cabinet should know that the country looks to them for action. Time and again Commissioner O'Connor has declared that much food of certain kinds is held in cold storage and that prices are too high. Everybody knows that great quantities of potatoes will rot because they have been hoarded. And yet the government takes no action.

There has been considerable selling and re-selling of storage eggs among the egg operators. The consumer pays for every egg. I humbly submit that this sort of thing should be stopped. How long will the government tolerate this sort of thing? What is the matter with the machinery that should deal with the profiteers? The country is growing restive and dissatisfied. If the ministers do not know it their sources of information are very poor.

What is the use of importing for sale and greater war-work when the profiteers are permitted to go on doing business at the old stand? The Toronto Globe wants municipal councils and boards of trade in Ontario to take up the question of backyard gardening more vigorously than last year, and quotes the example of Port Arthur. The city council there formed a Garden Club last spring, to assist citizens in producing their own vegetables in their back yards. The project was so successful that the board of trade in its annual report gives the value of the products at \$26,227.50. In detail the report is as follows:

"Six thousand six hundred bags of potatoes, at \$1.50; 1,100 bags of turnips, at \$1.10; 1,200 bags of carrots, at \$1.00; 1,000 bags of beets, at \$1.50; 46,000 lbs. of cabbages, at 8 cents; 5,400 lbs. of onions, at 6 cents; 1,100 bushels of peas, at \$1.00; 250 bushels of beans, at \$2; 5,000 cucumbers, at 8 cents; 11,000 cauliflowers, at 10 cents; 27,500 bunches of celery, at 5 cents; 15,000 bunches of parsley, at 5 cents; 550 bushels of tomatoes, at \$1.25; 5,000 dozen bunches of lettuce, at 80 cents; 8,000 dozen bunches of radishes, at 30 cents; 250 marrows, at 20 cents, and 200 squashes, at 20 cents."

There are so few back yards in St. John that no practical results of value can be secured except in the suburbs, but something can be done along the line of last year's work on city land outside the residential area, and doubtless with better results, because of last year's experience. A letter from the agricultural department says:

"The food situation at the present time is far more serious than many people realize and every effort must be exerted this season to raise more food products than ever before. Merely planting more acreage will not bring about this desired result, unless the crops themselves are better protected from the ravages of insect pests and plant diseases than has been the case heretofore."

The Standard says that in preparing its case against the New Brunswick Power Company the city council "should have the assistance of all citizens who ought to be interested in this important matter." That takes in the board of trade, whose members are deeply interested in this whole matter. Their assistance will be of the greatest value in meeting the power company's lobby at Fredericton.

The coming of the farm tractor will further emphasize the need of good roads. The more the farmers raise the more produce there will be to haul, and the better the roads the larger the load that can be hauled.

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Auditor Has More Evidence Of The Peculiar Financing Mr. Macintyre Tells Common Council How Books of Railway Company Were "Adjusted" To Turn a Profit Into Apparent Loss

Further revelations, of a striking character, were brought out yesterday afternoon when the common council in committee took up and discussed with Auditor Macintyre the report he made on the New Brunswick Power Company and the affairs of the St. John Railway Company.

That amounts spent for renewals and alterations were partially charged up to construction account in order to increase the value of the company's property with respect to profits. The sum of \$63,000 representing the profits of the Eastern Electric Company, a subsidiary company of the St. John Railway Company, was also gone into and he explained how this amount was taken care of by adding \$30,000 to the expense sheets each month.

A copy of the original vouchers, which covered the \$20,000 paid to Fred. R. Taylor, K. C., stated that the amount was given for "commissions," on "promoting sale." The auditor also declared that Mr. Taylor had obliterated the word "directors" and in his own hand-writing had inserted the word "shareholders" in the vouchers, initialling it "F. R. T."

A peculiar bit of financing, of which the auditor said the shareholders were apparently ignorant, was brought out in that Mr. Macintyre said that on December 27, 1916, Mr. Taylor deposited with the St. John Railway Company as security certain stocks and bonds and on January 2 of 1917 received the sum of \$50,000. This amount was refunded to the company on March 1, 1917, the day after the transfer of the St. John Railway Company to the New Brunswick Power Company was completed.

Mr. Macintyre said that with its income the company could have taken care of its stock issue of \$3,100,000 and paid a good dividend, if the \$2,000,000 of common stock or water had not been brought in for consideration. He said that the gas plant, which had not been represented as losing money, was actually making money.

That the stock ledger had not even been shown to the company's own auditor, was the reply Mr. Macintyre said he received from the company when he asked that he be allowed to examine it.

The peculiar method of bookkeeping introduced by Niles & Niles, who were brought from New York in March and part of April 1917, to do the work, was also explained by the auditor and the method of entering what the auditor said was styled "adjusting entries," which made it appear that the company was not earning money while really continuing to pile up on its capital account. The city solicitor was not present at yesterday afternoon's meeting. His working the mayor was obliged to leave at 4:30 o'clock and Com. Russell took the chair until the meeting adjourned soon after five. Commissioner Wigmore was absent owing to the illness of his father.

In places but there are a lot put in en bloc, but they can be filled in to a very large extent. Commissioner Macintyre—Especially I refer to the years 1900-04-07-12-14. There appears to have been an extraordinarily heavy expenditure during those years. Auditor—Examined two or three of these items in detail. What brought some of these expenditures up? A large amount of money that was spent in what they called the tunnel, and one year there was the extension of the line out to Glen Falls and another year there was considerable money spent in work at Fairville and over there.

Mr. Macintyre then explained that some of the costs of renewals are being charged to construction account which was entirely wrong in practice. "Take for instance the work at the head of King street," he added, "a certain amount was charged to repairs and alterations and the balance was charged up to construction account and they have been doing that from time to time more or less."

Commissioner Macintyre—That would make the construction account much larger than it should be. Auditor—Exactly. That is the reason that their construction account is high and they kept it as high as they possibly could.

The mayor—A portion of this then should have been charged up to profit and loss account. The earnings were large enough to take care of that. Commissioner Macintyre—If they charged more than they should to construction account they were then gradually piling up a bigger value of their plant and capital than they were entitled to. Auditor—They should have taken more of the renewal account and kept down the capital account, otherwise the earnings would have shown better.

Commissioner Macintyre—If they had taken these amounts and not charged them up to construction account, the earnings would have shown that much larger. If they had taken that out of earnings they would have been able to put the money in reserves, but instead they charged these things to construction. Am I right?

Auditor—That is exactly what they did. Commissioner Macintyre—Have they supplied the cost items up to May, 1918. Auditor—They supplied nothing prior to that date. They simply supplied a lump sum, nothing previous to May, 1918. It was the custom, I believe, in those days for the man who got the charter to ask the contractor to take the money he could get out of the bonds and build the railway, and I think it was done. I know that was the way it was worked out in Halifax.

Commissioner Fisher—Then you did not get any information that ante dated the St. John Railway Company.

Auditor—I did not get the late gas company books. They made a short search for them and the matter dropped there.

Back to Old Days.

A discussion of the history of street railways in St. John was then indulged in from the time that John F. Zebby operated a horse car service here.

The mayor—Is there any way of getting right down to the actual costs that should be in this plant and equipment taken over in 1915?

Auditor—There is no way. In answer to a question put by Commissioner Macintyre, the auditor read off the different issues of stock since 1885.

The auditor said that he came across the names where stock had been sold and then taken back again or it might have been sold temporarily.

"It is safe to assume then," said Commissioner Macintyre, "that the \$930,000 of stock in May 1915 was what they actually stocked themselves with."

Auditor—Yes, practically. They used to give the contractor the bonds, and he was to carry out the contract, as I have explained before, and I assume that this was the procedure in this instance.

Commissioner Macintyre—Is it fair to assume that they spent that \$930,000 and in addition made this further expenditure of \$1,207,000.

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Auditor—That might be. In including this \$930,000 they took over the gas company and paid its liabilities but I could not find these books to find out the amount of it.

"In that \$930,000 there might have been water," added the auditor in reply to a question from Commissioner Macintyre.

"And generous promotion expenses," added the commissioner, to which the auditor replied: "Well, the contractor would be entitled to his profit. In the construction of the lines he would be entitled to interest on his plant."

Commissioner Macintyre—Is it then fair to assume that they spent the greater part of that \$930,000 on their road bed or for road bed and equipment in 1915 and then followed that up with these further expenditures in the following years?

Auditor—They kept adding to their bonds and stock according to their plant,

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