

GIVES PREFERENCE TO AMERICAN INDUSTRIES

Mr. Eckhardt Discusses Whether Britain has Actually Discriminated Against Canada

IN PLACING WAR ORDERS

Several Instances in Which Manufacturers in the Dominion, Who Have Displayed Energy and Initiative, Have Secured Large Orders Apart From Middlemen.

(H. M. P. Eckhardt, in the New York Financier.)
Latterly a number of the Canadian papers have been complaining about the extent of the orders and contracts placed in the United States by Great Britain and her principal allies. It is stated that preference should be given to Canadian industries where possible, so as to stimulate the trade and benefit the finances of the British Empire. Some complainants have also stated that manufacturers from Canada are obliged to go hat in hand to Messrs. J. P. Morgan & Co., at New York, when they wish to utilize their plants for the purpose of making shells, etc., for England; and naturally this is greatly disliked—some of the unsuccessful seekers of contracts declare that the big American banking firm turned them down for the sake of giving work to United States industries.

In view of the heavy burdens which Canada has contracted and the military assistance rendered by her, the British Government has been doing everything possible to remove causes of friction or dissatisfaction. Arrangements are said to be under way for establishing agencies, etc., in Canada through which Canadian manufacturers may contract without being obliged to appeal to foreign bankers. The understanding in the Dominion is that the business expert sent from London to New York the other day will deal with this matter in such a way as to produce good results. Then the new arrangement whereunder Great Britain appointed Sir Thomas Shaughnessy and the Canadian Pacific executive their representatives in Canada for the purpose of purchasing and transporting foodstuffs required for the operations against the Germans, promises to have decidedly beneficial results.

On June 17 the Hon. W. T. White, Canadian Minister of Finance, made a statement in Ottawa which referred to this question of the orders placed in the United States and Canada. Mr. White mentioned that Canada has done and is doing marvelously well as many orders have been obtained from Great Britain's allies by direct negotiations. A notable instance is seen in the case of an order from Russia for five locomotives secured by the Canadian Locomotive Company. The president of this company, Mr. Emilus Jarvis, of Toronto, has just returned from a long trip to Petrograd and other important centres in Russia. If the work done in this connection gives entire satisfaction it will be followed by other contracts of equal or greater importance. It is also to be noted that Canadian car building companies have received very large orders for cars from the Czar's Government, several plants being busily engaged on these orders.

The Finance Minister gave an interesting explanation as to why England has been more or less compelled to give a large degree of preference to American industries. In the first place the huge plants owned by the great concerns south of the international boundary are able to turn out a much larger amount of munitions, etc., than any Canadian company could supply. Apart altogether from the great facilities possessed by the United States manufacturers, there is the question of financing the purchases. Although England has not yet made any arrangements for a credit or loan in New York it is looked upon as practically certain that something will have to be done in this connection before very long if the quotations for sterling exchange in New York are to be prevented from dropping far below the present level. Needless to say, the connection or arrangement with J. P. Morgan & Co. will be invaluable in the event of the mission of a British loan in the United States. The big banking firm could be depended upon to conduct the operation so as to ensure the best chances of success.

Banking opinion in Toronto and Montreal holds rather firmly to the theory that the placing of a British credit in New York is being delayed until the military situation develops so as to present a more favorable aspect from out point of view. This may not occur until the fall, as delivery of the guns and munitions now contracted for in such enormous volume cannot well be completed until the autumn. At the same time the exports of wheat, meat, and other foodstuffs will then be proceeding on a tremendous cash scale, and the pressure on the sterling exchange market is likely to be such as to call for phenomenal efforts on the part of the British Government. If, meantime, the increasing prosperity of American industry and trade leads to a very substantial rise in Wall street quotations, it is probable that there would be heavy sales of American securities by British holders—reducing materially the weight of the task before the London financiers. However, the bankers here think it will be necessary to place British war bonds or notes in New York, in addition to the sales of American securities, if exchange rates are to be maintained.

As the principal reason for the persistent premium on New York funds at the Canadian centres, Mr. White gives the interest payments on Canadian debt payable in London. This is said to amount to about \$140,000,000 a year. Ordinarily Canada meets this payment through merely leaving in London a part of the proceeds of new bond issues made there; now, however, that means of settling the debt is not available and exchange has to be remitted. Here again the tremendous British purchases in the states figure importantly. As a means of helping to pay her heavy debt to New York, England directs Canada to send the money representing interest on her debt to the American center. Thus a continuously heavy demand for New York funds confronts the Canadian banks and it is not surprising that New York drafts should be selling in the neighborhood of 1 1/2 per cent premium. It is expected, however, that when Canada has her 1915 wheat crop available for export and when the Canadian iron and steel manufacturers begin to make deliveries on their large contracts, Canada will then be in a position to land through shipping these commodities, and the New York exchange should be more favorable to the Dominion, if the improvement does not take place before then.

TWIN CITY HAS LESS THAN 100 JITNEYS

Have not Affected Inter-urban Earnings of Transit Company There to any Extent

GIVE LOW RATE OF FARES

Practically a Universal Transfer Service and the Lines Cover the City in a Scientific Manner—Movement to Extend Franchise.

For the first time in several months Twin City Rapid Transit Co., for May, 1915, reported a decrease in gross earnings. The decrease was small, being but \$17,000 or 2.1 per cent. For the five months ended May 31, gross earnings showed an increase of \$99,000, or 2.6 per cent.

While some of the decrease is attributable to general conditions, and also to unfavorable weather, a part of it comes from the operation of jitneys, which, however, has not attained any great proportions in either Minneapolis or St. Paul. In Minneapolis it is said that less than 100 jitneys are in operation, and are carrying an average of about 12,000 passengers a day. There also are some running in St. Paul, but probably not more than in Minneapolis. The jitneys have not affected the inter-urban earnings of the company to any extent.

Twin City Rapid Transit has a low rate of fare, with practically a universal transfer service, and its lines cover the cities in a scientific manner. For the reason it is not believed that the jitneys will increase to any extent, and street railway men who have been in Minneapolis and St. Paul say that they will soon be things of the past in these cities, as they cannot give service which will compare with that of the street railways at anywhere near a competitive rate of fare. There are no rush hour one way crowds in Minneapolis, as the city spreads about equally in every direction from the business district. For May operating expenses and taxes of Twin City Rapid Transit increased 6 per cent, and net earnings were \$236,979, a decrease of \$44,000 or 16 per cent, from May, 1914. Deductions from income for the month were substantially the same as in May, 1914, so that the surplus for dividends was \$154,937, a decrease of \$45,000, or 22.3 per cent. Depreciation for the month, included in operating expenses, was \$53,504 as compared with \$50,571 for May, 1914.

For the five months ended May 31, 1915, gross earnings were \$3,821,110, an increase of 2.61 per cent, over the corresponding five months of 1914. Operating expenses increased 6.23 per cent, taxes, 6.25 per cent, and gross income was \$1,022,069, a decrease of \$63,500, or 5.83 per cent. Deductions from income for the period were \$411,125, as compared with \$409,212 for the five months ended May 31, as compared with \$687,154 for the corresponding period of the preceding year, a decline of 3.67 per cent.

Officials of the company have started a movement for an extension of the franchise of the Minneapolis Street Railway Co., which expires in 1923. The company recently paid about \$1,100,000 for a site for a new street and interurban railway terminal in the centre of the city's retail district, and in addition the city is asking extensions of several lines and the building of new lines to keep pace with the growth of the city.

To build the new terminal and provide for improved lights and betterments the company will have to do financing and with the franchise expiring within less than eight years long term financing cannot be done. The franchise negotiations will be preceded by a complete valuation of the property of the street railway, and any franchise agreed to must be submitted to popular vote. The enabling act authorizing the city to take up negotiations for a new franchise contains a clause giving the city authority to purchase the street railway property, so it is probable that municipal ownership agitation will complicate the franchise negotiations.

B. F. GOODRICH CO. WILL ESTABLISH NEW HIGH RECORD OF NET PROFITS.

New York, July 2.—B. F. Goodrich Co. will this year establish a new high record of net profits. Based on six months' sales the promise is that the full year to December 31 next will accumulate net profits of \$7,500,000 or better, a sum equal to 9 per cent, on the \$80,000,000 common after taking out the 1 per cent dividend on the \$30,000,000 preferred. For the last two months net profits have been running at remarkable figures—this rate has been around 12 per cent, but of course April and May are the time when the tire demand is at about its height, and such earnings cannot in reason be expected to hold through this fall and winter.

Net profits of Goodrich have made a remarkable recovery. In 1913 the company earned its preferred dividend with less than \$500,000 to spare. At that time there was a good deal of growling about the evils of capitalizing "good-will," "earning power," "water babies," and the like. This year the company will have net profits three times as large as in 1913 and is in position where directors can begin to consider resumption of common dividends.

TORONTO'S JUNE CLEARINGS HIGHEST SINCE SEPTEMBER.

Toronto, Ont., July 2.—Toronto bank clearings for June were the best of any for the calendar year to date and the highest since September. The showing is all the stronger because it is a thirty-day month, with one holiday. The total for the month was \$161,405,000, or \$20,499,000 below June, 1914. Comparisons are as follows:—

Month	1915.	1914.	Decrease.
June	\$161,404,956	\$181,904,536	\$20,499,580
May	\$150,352,850	\$180,771,233	\$30,418,383
April	\$144,776,746	\$180,394,211	\$35,617,465
March	\$143,765,630	\$167,870,606	\$24,104,976
Feb.	\$125,550,919	\$164,627,410	\$39,076,491
Jan.	\$146,700,771	\$185,007,052	\$38,306,281
Totals	\$872,551,572	\$1,060,575,348	\$188,023,776

Toronto bank clearings in the past eleven months—that is, since war began—totalled \$1,626,694,434, as against \$1,971,116,804 in the same period a year ago and \$1,990,538,654 in the year previous. The decline from last year is \$244,422,370, or 17 per cent, and from the year before \$263,844,220, or 18 per cent.

NATIONAL BANK OF CUBA.

New York, July 2.—National Bank of Cuba is shipping \$1,000,000 in \$5 gold pieces to Havana. This makes \$2,000,000 shipped by this bank within the last two weeks in connection with revision of Cuban monetary system.



MAYOR MARTIN.
Who is in the limelight over the Tramway Bill.

RECORD OF INDEPENDENCE DAY OBSERVANCES BY NEW YORK EXCHANGE

As Independence Day, the fourth of July, falls on Sunday, Monday will be celebrated as the legal holiday in all States, the District of Columbia, and the territories, and all the exchanges of the United States, the banks, and the trust companies will be closed.

Only once in the past thirty years has the New York Stock Exchange closed three days on account of July 4, that being in 1901, when Independence Day fell on Thursday and the Exchange closed on the following Friday and Saturday.

Comparison of Independence Day holidays during the past twenty-nine years, together with the extra holidays which have been observed by the New York Stock Exchange follows:

Year	July 4.	Extra Holidays.
1914	Sunday	None.
1913	Friday	Following Saturday.
1912	Thursday	None.
1911	Tuesday	None.
1910	Monday	Previous Saturday.
1909	Sunday	Previous Sat. and fol. Monday.
1908	Saturday	None.
1907	Thursday	None.
1906	Wednesday	None.
1905	Tuesday	None.
1904	Monday	Previous Saturday.
1903	Saturday	None.
1902	Friday	Following Saturday.
1901	Thursday	Following Friday and Saturday.
1900	Wednesday	None.
1899	Tuesday	Previous Monday.
1898	Monday	Previous Saturday.
1897	Sunday	Following Monday.
1896	Saturday	None.
1895	Thursday	None.
1894	Wednesday	None.
1893	Tuesday	None.
1892	Monday	Previous Saturday.
1891	Saturday	None.
1890	Friday	Following Saturday.
1889	Thursday	None.
1888	Wednesday	None.
1887	Monday	Previous Saturday.
1886	Sunday	Following Monday.
1885	Saturday	None.

SILVER QUEEN MINE PREPARING TO RESUME ACTIVE OPERATIONS.

Cobalt, July 2.—Encouraged by the showing on the recently re-started Right of Way the neighboring Silver Queen is making preparations to resume active operations again.

Mr. E. V. Neelands has leased the property and will work it on a royalty basis.

It is hoped to pick up some of the Right of Way vein extensions, after which the lessee will endeavor to discover if there is sufficient milling ore in the mine to make it worth while to continue work.

Pumping out is in progress at present.

The Silver Queen was formerly under option to the Aladdin-Cobalt.

LACKAWANNA STEEL COMPANY.

New York, July 2.—It is estimated Lackawanna Steel Company for June 30 quarter will show surplus after charges of \$250,000, which would compare with deficit of \$565,759 in March quarter and deficit of \$338,473 in June quarter of 1914.

Lackawanna Steel has taken several large foreign orders for shipyard steel rails, etc., and is negotiating for further business, involving heavy tonnages.

Enormous profits are promised for next year as a result of highly satisfactory contracts the company has closed for the sale of its coke by-products.

NEW YORK MARKET IN PAST SIX MONTHS SHOWED GOOD EXHIBITION OF STRENGTH

Business in Bonds Was Substantially Ahead of the Same Period in 1914 and the Volume of Trading in Stocks was 70 per Cent Greater—War Orders Have Caused Some Stocks to Double and Even Treble in Price

New York, July 2.—Messrs. Spencer Trask and Company, in their review of market conditions for the first half of the year, say: The approaching end of the half year is an appropriate time to take the measure of the changes that have taken place in the last six months.

On this occasion, the task, from a financial standpoint at least, is an agreeable one, since comparisons point to an all round improvement which would have seemed impossible of accomplishment early in the year, and to an activity which in some respects has assumed record proportions.

The Stock Exchange, as an instance, after an enforced idleness of four months, and after much hesitation, finally allowed a resumption of trading in bonds in the closing days of November, and in stocks two weeks later, under carefully established minimums in order to check any demoralization that might occur. Months ago these minimums were abolished, and we now have an active market, free from restrictions, and showing a business in bonds substantially ahead of the same period of 1914, and a volume of trading in stocks 70 per cent greater.

The increased activity in stocks has run concurrently with an advance in prices, the average for 25 industrials representing a rise of about 8 points, and of about 2 points in 25 railroads. The greater advance in industrial stocks brings into sharp relief the effects of so-called "war orders" which have caused some stocks to double and even treble in price in the last six months.

Very Satisfactory Exhibition.

The position of bonds has been improved to only a small fraction, but taking into consideration the enormous financial burdens the war has imposed on the capital of the world, and the liquidation our markets have had to accept, the gain though small should in reality be considered a very satisfactory exhibition of strength.

Turning to other matters, we find that building operations, although showing a small falling off in comparison with last year, are exhibiting distinct signs of increase; the production of pig iron is showing a steady advance and a gradual rise in price, and the same is true, only to an even greater extent, in the case of copper. In fact in all basic metals there has been a marked rise since the beginning of the year. What has taken place there is also true of wheat, cotton and commodities generally. Index numbers reflect this in an increase of about 6 per cent since the first of the year, but because of the heavy declines which took place in the early months of the war, the average is barely changed from last August. The small increase, however, is in strong contrast to the situation in the English Index Numbers, which show an advance of some 33 per cent, over August, 1914, and of nearly 20 per cent, since January 1st, 1915; an indication of the unfavorable influence the war is having on the economic situation in Great Britain.

Another feature indicating improvement is the recent noteworthy increase in activity in the steel business. The United States Steel Corporation, for instance, which was only operating at 37.8 per cent, of efficiency in the early part of the year is now reported as operating at practically full capacity, and this without any important war orders, although indirectly that class of business is undoubtedly responsible for a good deal of the Corporation's activity.

From Period of Stress.

From a monetary standpoint we have passed from a period of stress to one of great ease. At the end of last year over \$150,000,000 of Emergency Notes were outstanding. To-day less than \$1,000,000 are still in circulation, and these will presently be retired, as the Aldrich-Vreeland Act under which they were issued expires to-day by limitation.

On January 1st the surplus of the New York member banks of the Federal Reserve System, was \$91,780,210. To-day it is in the neighborhood of \$200,000,000, a figure hitherto unapproached in the annals of the country. Bank clearings are increasing and money remains easy; in fact from every point of view our country is in a position of soundness, economically and financially, for which we have every reason to be proud and thankful.

The above review falls quite short of presenting our full strength, as no mention has been made of our balance of trade, which, for the fiscal year ending to-day, mounts up for the first time in our history to a round billion dollars. The piling up of this huge balance has during the last six months changed our

position, at least for the time being, from a borrowing to a lending nation.

Foreign Exchange rates reflect this very full, demand sterling having attained a new low record of 4.75%, while never before has French exchange approached the low point just reached of France 5.66% to the dollar. Whether the low point for Sterling and French Exchange, and incidentally also for German and Italian Exchange, has been reached, it is impossible to say. At this time it is hard to see how a further fall can be prevented, considering that in the next half year we shall have new cereal and cotton crops to ship, and the large war orders received during the present half year will only be reflected in full measure in our exports during the next six months.

Against Fall in Exchange.

France is reported as arranging indirectly for a loan of some \$50,000,000 against American securities deposited in Paris, and it is hoped that this may act as a corrective against the fall in exchange, at least temporarily. This loan, though large in itself, nevertheless sinks into insignificance in comparison with the huge new loan which Great Britain is shortly to bring out.

This new loan will bear 4 1/2 per cent. interest and mature in 1945, but may be redeemed at par at any time after 1925. The price of subscription is put at 98% as the bonds carry interest, the net price works out at 98 1/2%. The total amount is not fixed as it is impossible to determine in advance to what extent annuity holders and holders of the present 2 1/2 per cent. Consolidated stock and the 3 1/4 per cent. War Loan of 1914 will exercise their option of converting into the new loan.

The outstanding \$600,000,000 Consols may be converted at 66 2/3, and the \$350,000,000 3 1/2% at 95, plus a cash payment of 5 per cent, with the proviso in both cases that an equal amount of new bonds be purchased at par. Should the whole British debt be converted, it would call for a round \$500,000,000 of the new bonds.

It is intended that the new loan shall be in every popular loan, and for that purpose postal saving banks and workmen's unions are empowered to receive subscriptions for as little as \$1.25, on which interest will be allowed at 5 per cent.

The loan will be offered on July 10th, and it is hoped that at least \$1,250,000,000 of new money will be subscribed. Inasmuch as considerably more than this sum will be needed if the war lasts through the summer, and as it is uncertain what the financial situation will be then, it is provided that if the Government is obliged to pay in future more than 4 1/2 per cent, holders of the present bonds would receive the benefit of the increased rate.

Burdens For Posterity.

These huge operations dwarf all previous financial measures and illustrate as nothing else can the tremendous plane on which the war is now being fought out and the burden posterity will have to bear. The effect on our markets of this new loan cannot now be fully appreciated, although it is quite evident that a certain amount of liquidation in American securities will result.

In some quarters it is believed that the whole interest basis of the world will have to find a new level as a consequence of the increased interest rate on this British loan. While this may seem logical, it is nevertheless a somewhat exaggerated view point in our opinion. This is partially borne out by the result of yesterday's offering of \$71,000,000 4 1/2 per cent. bonds by the City of New York. The 50-year issue of \$46,000,000 was allotted on an average basis of 4.437 per cent, the serials, of which there are \$25,000,000, on a 4.297 per cent. basis. This was the largest long dated loan ever brought out by the city, and it is pleasant to record that it was subscribed several times over.

The bases of sale, are it is true, slightly higher than on previous issues, but the fact that the loan went on terms better than the British issue indicates that the great mass of American investors are affected to a smaller extent than is generally believed by the European investment situation. This is in large measure because Americans do not take readily to foreign loans, and on the same basis, or even on a somewhat less favorable basis, prefer American securities whose real value they can better understand. Consequently we believe that any fundamental change in the European basis of investment will reflect itself over here to a smaller extent than might seem likely at first sight.

SPREAD OF SUGAR IN WORLD HAS COVERED

Sugar cane was first introduced into the world in 703, whence it was taken to all along the coast of the Mediterranean and as far as the islands and borders of the Crusaders found extensive plantations in Tripoli, Mesopotamia, Syria, Cyprus, and by the fourteenth century was cultivated in every part of the world where soil and climate were propitious. It came to South America, who brought it to the Portuguese, who brought it to the Island of Santo Domingo, and thence it spread to the countries of that continent. Columbus brought it to the Island of Santo Domingo, and thence it spread to the other islands of the West Indies, came under European domination, came to Louisiana by being sent from Santo Domingo in 1761, some giving the date as 1757.

Science has never determined where originated, and nowhere has it been cultivated. It has been under cultivation since the Christian era, though long before the Christian era, there was a long history of it with a short history that thou shalt not be averse to me. Alexander the Great, during his wars, some individuals who desired to see of barbarians long enough to record in India which produces honey. Thus sugar was evidently raised in early as 320 B.C.

COTTON FUTURES OPENED

Liverpool, July 2.—Cotton futures to 10 points decline.

At 12.30 p.m. the market was quiet. July-Aug. Oct.-Nov. Jan. Close ... 5.16 1/2 5.43 Open ... 5.11 1/2 5.39 Due ... 5.11 5.37 1/2

At 12.30 p.m. there was good spots. Prices were easier with m. There were no receipts, sales 12,000.

Spot prices at 12.45 p.m. were: Ar. fair 6.06; good middlings 5.50; middlings 4.76; good ordinary 4.34.

Liverpool, July 2.—2 p.m.—Cotton prices 7 to 8 points lower. Sales, including 11,500 American, July-Aug. November, 5.35 1/2; January-Feb.

COFFEE MARKET STEADY

New York, July 2.—Coffee market steady.

September ... December ... March ... May ...

New York, July 2.—Rio coffee market 262,000 bags against 215,000 of Santos market unchanged, stock 647,000 last year.

Port receipts 36,000, against 28, receipts 46,000, against 40,000 year ago. Rio exchange on London 12 1/2 d.

N. Y. STOCK MARKET OPENED

New York, July 2.—The stock market opened steady.

M. K. and T. ... M. O. P. ... Miami ... Union Pacific ... Rumley ... American Can ... Utah Copper ... U. S. Rubber common opened on change 20 shares at 46 1/2, off 5 1/4.

NEW YORK CURB OPENED STEADY

New York, July 2.—The curb steady.

Juneau ... Cramp ... Kennecott Copper ... Do. Bonds ... Prairie Pipe ... Stores ... Profit ...

CATTLE PRICES HIGH

Chicago, July 2.—Cattle sold at the highest price of the year, 50 cents per 100 over last week's level.

NAVAL STORES MARKET

New York, July 2.—In response to the south the local market for naval stores was firmer yesterday, being quoted 42c.

Tar continues quiet and prices unchanged from the basis of \$6.75 for retort. Pitch is held at \$3.75.

Rosin, common to good strained, the following are the prices for: B. \$3.50; C. \$3.55; D. \$3.70; E. \$3.75; H. \$4.00; I. \$4.10; K. \$4.35; M. \$4.75; \$4.80; W. W. \$6.85.

Savannah, July 2.—Turpentine firm, receipts 390; shipments, 8; stock 516; stock, 57,264.

Rosin firm, Sales 1,599; receipts, 125; L. \$3.40; K. \$3.85; M. \$4.45; \$4.80; W. W. \$6.50.

Liverpool, July 2.—Rosin common spirits, 27s 9d.

SEVERE CROP DAMAGE

Hastings, Neb., July 2.—Crop damage resulting from the violent Wednesday night is estimated at \$300,000.

The storm struck an area of about 100,000 acres between Giltner and Fairfield. A crop loss of \$250,000 was caused by this city.

DOMINICAN COAL COMPANY

GENERAL SALES OFFICE: 107 N. 3rd St. PHILADELPHIA, PA.

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