

THE HERALD

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Canadian Northern Guarantee.

As will be seen by reference to our report of proceedings in the Federal Parliament, the matter of affording Government aid to the Canadian Northern Railway has been much in evidence. As a matter of fact this question has been in the air around Parliament hill during the whole session. It is known that MacKenzie and Mann, the promoters and principal owners of this great railroad have been strenuously seeking Government assistance from the very opening of Parliament. With the heavy financial responsibilities, incurred in consequence of the late Government's extravagance and blundering in connection with the National Transcontinental Railway, and because of many other great undertakings of national importance, the Government were very cautious in acceding to the wishes of the Canadian Northern promoters. The problem was a most serious one. Here is a great transcontinental railway, well on towards completion and already subsidized to a considerable extent by the Federal Government and by Provincial Government's and municipalities. The promoters found themselves in financial straits for the completion of their works, and the condition of the money market was such that they could not successfully float their bonds. Without financial assistance in some shape they saw liquidation confronting them. Such a collapse would have a bad effect so far as Canada is concerned. All the previous subsidies would be practically lost. Either that or the Government must take over the road and proceed with it as a national public work. Under present conditions this was out of the question. What then was the Government to do in this matter? This is what they did: They set to work to investigate in the most searching manner the exact condition of the Canadian Northern Railway, its connections and subsidiary concerns. They found a wonderful net work of railways, express companies, telegraph lines and other transportation arrangements in addition to the Canadian Northern itself, constituent and subsidiary thereto and all known as the Canadian Northern system. The stock valuation of this combination was set down at one hundred and 45 millions. The Government amalgamated all these companies into the Canadian Northern and squeezed 45 million dollars of stock valuation out of them. They now have new company with a valuation of one hundred million dollars.

To this new company of \$100,000,000 the Government propose to afford financial assistance, by guaranteeing four per cent. twenty year bonds to the extent of \$45,000,000. The Government guarantee the principal and interest of these bonds and as a consequence they will naturally be regarded as gilt edge securities. This being so they will readily sell in the money market.

At this stage the question will most naturally arise, what security has the Government for their guarantee? The

security taken by the Government is set forth in resolutions proposed by Premier Borden in his notice of motion presented in the House of Commons on April 28th. The security outlined in these resolutions seems the most ample that could very well be imagined. The Government guarantee is secured by a trust deed made to a trustee or trustees approved by the Governor in Council, in manner and terms satisfactory to the Governor in Council. In the trust deed all the property represented by the hundred million dollar company is made over as security to the Government. In addition to this, four hundred thousand shares of fully paid up shares of the par value of \$100 each of the capital stock of this company, representing \$40,000,000 are transferred to the Minister of Finance and Receiver General of Canada, in trust for the Government of Canada. The said shares or any part thereof may be disposed of under the authority of Parliament upon such terms and conditions as it may determine, and the proceeds of the sale thereof paid into the Consolidated Revenue Fund of Canada. Pending the disposal of the said shares all voting and other rights under the said shares shall be exercisable by the same Minister of Finance and Receiver General or by whomsoever he may from time to time appoint.

The books, returns, reports and other records of the Canadian Northern and of each of the Constituent and Subsidiary Companies shall at all times be accessible and open to inspection for and on behalf of the Governor in Council by any person or persons from time to time named in that behalf by the Governor in Council or by the Minister. The Canadian Northern shall furnish the Minister annually within five months from the close of its fiscal year a consolidated balance sheet showing the financial position of the Canadian Northern System for the fiscal year then last completed. While any of the guaranteed securities are outstanding the Governor in Council may from time to time appoint any person to be a director of any or of all the companies comprised in the Canadian Northern System, and at pleasure remove the person so appointed. If the Canadian Northern shall make default in payment of the principal or interest of the guaranteed securities or any part thereof, or default in observing or performing any of the provisions of the New Trust Deed, the security constituted by the New Trust Deed shall thereby become enforceable.

These are but a few of the safeguarding clauses embodied in the resolution of which the Prime Minister has given notice, but we think enough has been presented to show that the Government have the most ample security for their guarantee. They are safeguarded from every point of view; they hold forty per cent. of the stock; they have a member on the board of directors and are fully conversant with everything that is done in connection with the operation of the company and have power to foreclose the mortgage when any default appears to them to have been made. In a word the Government are complete masters of the situation.

The Toronto Mail and Empire takes a safe and sane view of the settlement when it says: "The railway company—rather the corporation of controlling shareholders—has passed over the reins to the Government, for the scheme to which in its necessity it had to submit is one not for buttressing the fortunes of the company or of the leading spirits in it, but

for the speedy making of the Canadian Northern, the system of transportation required by the country.

"The MacKenzie and Mann Company, the Canadian Northern Railway Company, and the companies operating the several tributary lines are required to subordinate their interests to those of the public, and if these corporations find themselves unable to stem the difficulties that lie before them, they will have to succumb. It is not they the Government is taking care of, but the transportation system with whose construction and operation they have to do. That will be finished and maintained in the state of efficiency necessary for the service of the people. The arrangement ensures the public against any collapse or impairment of service such as would surely have put the railway out of business and matters remained as they were. If the company had been left to its own resources, the consequence for the country would have been no less than disastrous. A wide belt across the West has been settled and made productive as a result of the building of the Canadian Northern Railway and its numerous subsidiary lines. If for want of money the important work of construction yet to be carried out, the programme of necessary improvements and the supplying of equipment had to be given up and the system brought to a standstill, it would mean depression in a very large portion of the West. The country needs the road, and that in the highest state of efficiency. The Government was bound to see that the country get the completed road with as little delay as possible.

"The present arrangement ensures that. It is as cold towards the company as any scheme of reconstruction dictated by creditors could be, and it is ten times more advantageous to the country that such a settlement would be. Creditors act to save themselves, and not to avert the wreck of the property or promote the interests of the public."

Assistance to Wool-Growers.

The Live Stock Branch of the Dominion Department of Agriculture is prepared to offer practical assistance this year to Associations of Wool Growers in the preparation and display of their wool clips for market. Associations, in order to receive this aid, must be organized in accordance with the regulations of the Branch and membership is limited to actual owners of sheep. West of Port William an Association must contain at least 3,000 sheep, or sufficient to comprise one carload of wool; east of there, a relative number. The services of expert wool classifiers, who will take charge of and perform the grading, classification and preparation of the wool, will be provided.

This proposal represents much more than a mere continuation of the work undertaken last year, when two wool classifiers in the employ of the Live Stock Branch visited the Western Provinces and gave practical instruction and advice to sheep-raisers upon wool growing. Rather it means the introduction of a definite scheme whereby wool producers may be actually assisted in preparing and presenting their wools upon the market in the most acceptable fashion and thus be in a position to cater more directly to the requirements of the market. Moreover, it should prove effective in developing and improving the general status of sheep-raising and in creating an impetus to the production and preparation of an improved grade of wool

and indirectly a better class of mutton. The Branch will also provide the means for the establishment of a central bureau for the distribution of current information respecting domestic and foreign markets of wool, so that the Associations may be constantly in command of complete knowledge concerning the source of the demand and the ruling price of all grades. Reliable information of this nature will serve as an excellent asset to an Association in directing its policy and placing it in closer relationship with the demands of the trade.

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Sheep-raisers desirous of taking advantage of this offer and of forming an Association should write for detailed information and application forms to the Live Stock Commissioner, Ottawa.

Federal Parliament.

Ottawa, April 28.—The proposals of the government in connection with the Canadian Northern Railway were placed before the house late tonight. Forty five million dollars, with the other assets now available, is considered sufficient for the completion of the company's lines as a transcontinental system, subsequent betterments will of course, be necessary from time to time. The system when completed will comprise nearly ten thousand miles of railway.

The company's stock issue now amounts to one hundred and forty five millions, of which about one hundred and thirty-eight millions are held by MacKenzie and Mann, Limited, and seven millions by the government. The one hundred and forty-five millions above mentioned consist of seventy seven millions in stock of the C. N. R. and sixty-eight millions of stock in the various subsidiary companies. The total capitalization of one hundred and forty-five millions is reduced to one hundred millions of dollars, of which the government receives thirty three millions in addition to the seven millions already held, or forty millions in all.

On the other hand, the stock holdings of MacKenzie & Mann Limited, namely seventy millions of C. N. R. stock, and sixty eight millions in the subsidiary companies, or one hundred and thirty eight millions in all, have been reduced to sixty millions, that is to say a total reduction of seventy eight millions.

The government receives security by way of mortgage on the Canadian Northern lines in the three prairie provinces, comprising about five thousand miles. This is the most remunerative portion of the company's system. MacKenzie & Mann, Limited have absolutely released all claims against the Canadian Northern Railway and its various subsidiary companies.

The reduction of the stock issue from one hundred and forty five millions to one hundred millions has been accomplished by having all the stock of the various subsidiary railway companies, of the terminal companies, telegraph, express and elevator companies, as well as the steamship company transferred to the C. N. R., so that the government holding forty millions out of one hundred millions of C. N. R. stock has a corresponding interest in all those companies.

The government have stipulated that MacKenzie and Mann, Limited shall give absolutely satisfactory security that both the temporary loan and the floating indebtedness shall be paid off by them without recourse in any way to the monies which are to be raised by the guaranteed securities for the completion of the road.

Provision is made that all traffic arising on the C. N. R. system shall be transported over Canadian Lines, and if for export shall be conveyed to Canadian ports. Provision has also been made for interchange of traffic between the C. N. R. system and the L.C.R. subject, however, to any outstanding agreement between the I. C. R. and other companies, such as the Grand Trunk.

The government will appoint a director upon the board of the C. N. R., and each of its subsidiary companies. In the event of any default by the C. N. R. or any of its subsidiary companies in meeting the interest of principal due upon any securities issued by such companies the government may forthwith, by order in council dismiss the directors of all such companies

and appoint others in their stead. Ottawa April 29.—The government's proposals regarding the Canadian Northern Railway are regarded by the Conservatives generally as the very best thing that could be done in the circumstances. On the other hand the Liberals are inclined to withhold judgment until the question has been discussed in caucus which has been called for tomorrow.

It may be expected that the bulk of the Liberal members will oppose the proposals on the usual political grounds but it is certain that many members of the opposition will support the government. There is a general feeling amongst the most responsible men in the Liberal party that something had to be done to prevent the company going into liquidation, with the inevitable result of national financial panic. It was either such an agreement as has been made, or government ownership which is hardly possible at the present time in view of the government's responsibilities in connection with the National Transcontinental Railway. It is evident that some of the western Liberals favor the proposals, arguing that speedy completion of the railway is necessary for the development of the west and in the interests of the farmer.

The work which has had to be done by Hon. Arthur Meighen the young solicitor general, in drafting the agreement has been enormous. He has done nothing else for a month. There are thirty-one companies in connection with the C. N. R. system and there have been eighteen separate bond issues. The task, therefore, of concentrating the information and estimating the values in order to arrive at the correct measure of the public interest in the undertaking was one of great magnitude.

Financial men in the house regard the agreement as certain to stimulate the value of Canadian securities generally. They take the ground that the action of the government will remove all doubt in the minds of British and foreign investors who put their money into Canadian securities of a national character. They are shown that the Canadian government stands behind with watchful eye, and that default in sound undertakings is impossible. An immediate revival of good times in the west is looked for, the influence of the railways being so strong in their direct effort.

Sir William MacKenzie did not give the impression of being pleased with the agreement. "The government has made a good bargain," was his comment. "They will make money out of the proposals. They are receiving a gift of stock which will prove very valuable."

Ottawa, April 30.—That assistance should be given the Canadian Northern to enable it to complete the system, but that the terms of the agreement are unsatisfactory in some particulars, and will be opposed in the House was the decision of the Liberal caucus, which

(Continued on page three.)

WANTED

YOUNG LADIES for a Hospital Training School in Colorado. For particulars apply to the Sisters of Charity in charge of the Institution, Mount San Rafael Hospital, Trinidad, Colorado.

April 29, 1914—1f

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Capitalized at \$50,000.00

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Only a limited number of shares are being offered, so if interested it would be well to communicate without delay with any of the Provisional Directors, or with the Secretary-Treasurer, Capt. Ernest Kemp, 115 Rochfort Street, Charlottetown, P. E. I.

Terms 50 per cent. in cash to accompany application. Balance in 30 days. Prospectus will be mailed on application.

Jan. 7, 1914—1f

Federal Parliament

(Continued from page two) the party should persevere. The decision was fairly unanimous there were some members, however, who expressed doubt the wisdom of opposing [an amendment] which they considered. These members were mostly the west.

There is little doubt that the government will press the amendment. It is well known that the premier satisfied himself several weeks ago that it was the interests of Canada that the government should come to the aid of the C. N. R. during present financial stringency, having come to the conclusion to the method which the matter should pursue in the matter turned the work of framing agreement over to Hon. Arthur Meighen, and solicitor general through all these weeks of opposition on the part of Sir William MacKenzie to the hard to which he exacted Mr. Borden as a firm as rock. In just such case as the present Mr. Borden's, so that it may be taken granted that there will be wakening on the part of the government.

It is quite freely admitted Liberals that the government made an excellent bargain with the C. N. R. if it can be carried out to the letter and is remained that such a bargain could have been driven except during time of financial stringency as present. The surprise is that a bargain was possible. The fact will simply be over details.

Ottawa, May 1.—At the opening of the Commons today Hon. W. T. White introduced and secured first reading for the tariff bill which is intended to give effect to the tariff resolutions which appeared in the budget and which were approved in committee yesterday. In this connection the Finance Minister said he desired to correct a misapprehension in some of the newspapers with regard to what he had said last night in regard to readjustments of the tariff which might become necessary with the coming into effect of the new duties on structural steel. There would be no further tariff changes this session, he said.

Hon. Martin Barrell's dairy bill was taken up in committee and evoked some discussion over the clause which prohibits the manufacture or sale of oleomargarine. J. H. Burnham, of West, Peterborough took the ground that if people wanted to buy cheap food like oleomargarine they should be permitted to do so.

E. W. Nesbitt of North Oxford said he thought there was a good deal of sense in this. And now Broder of Dundas said it was not a matter of cheap food but of an imitation of a good food which was intended to deceive. People wanted to eat real food should buy hard. If they were buying butter they wanted real butter.

The Market Prices.

Butter	0.59 to 0.61
Eggs, per doz.	0.20 to 0.21
Fowls each	0.50 to 0.51
Chickens per pair	0.85 to 1.00
Flour (per cwt.)	2.00 to 2.01
Beef (quarter)	0.10 to 0.11
Beef (quarter)	0.08 to 0.09
Mutton, per lb.	0.08 to 0.09
Pork	0.10 to 0.11
Potatoes (bush)	0.30 to 0.31
Hay, per 100 lbs.	0.60 to 0.61
Hick Oats	0.40 to 0.41
Hides (per lb.)	0.11 to 0.12
Cal' Skins	0.00 to 0.01
Sheep pelts	0.55 to 0.56
Oleum (per cwt.)	0.50 to 0.51
Turkeys	0.12 to 0.13
Turkeys (per lb.)	0.20 to 0.21
Pressed hay	12.00 to 12.01
Straw	0.30 to 0.31
Douglas fir	1.25 to 1.26
Lamb Pelts	0.52 to 0.53



Mail Contract

SEALED TENDERS, addressed to the Postmaster General, will be received at Ottawa until Noon, on Friday, 12th June, 1914, for the conveyance of His Majesty's Mails, on a proposed contract for four years, six times week.

Over Royal Mail Route No. 1 from Armadale, P. E. Island, from the Postmaster General's Office at Ottawa until Noon, on Friday, 12th June, 1914, for the conveyance of His Majesty's Mails, on a proposed contract for four years, six times week. Printed notices containing further information as to conditions of proposed contract may be seen and blank forms of tender may be obtained at the Office of Armadale, Montserrat, Margaret's Bay River, Clear Springs at the Office of the Post Office Inspector, JOHN F. WHEAR, Post Office Inspector, Charlottetown, May 4th, 1914. May 6, 1914—3f.