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CANADA'S RAILROAD PROBLEM

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Munitions Industry

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Munitions Industry Brings Permanent Assets

CANADA'S Capacity to Produce Munitions—650 Factories are Working—Munitions Orders Placed Here to Date Total $850,000,000—National Factories Established—Standardization of Product and Skill.

IN September, 1914, when Canada undertook the first order for shrapnel shells, the Dominion's capacity to produce shells amounted to 340 18-pr. shrapnel shells per week. These were made at the Dominion Arsenal, Quebec. The capacity of Canadian factories to-day approximates 400,000 18-pr. shrapnel complete rounds per week, including cartridge cases, primers, fuses and propellants. In addition to this amazing output there is a weekly capacity in Canada for nearly 400,000 high explosive shells, ranging in sizes from 18-pounders to 9.2 inches, making an approximate total weekly output of 800,000 shells. This large output, along with other supplies made independently, requires per week about 25,000 tons of steel, 2,500 tons of brass, 750 tons of copper, 250 tons of zinc, 1,500 tons of lead, 200 tons of antimony, 150 tons of resin, several tons of ferro-molybdenum, 500 tons of cordite, 500 tons of trinitrotoluol and 300 tons of nitrocellulose powder. Over 300,000 boxes are required for these shipments per week, and about 3¼ million lineal feet of board are used in making these boxes.

The value of munitions orders placed in Canada exceed $850,000,000, equal to the entire international trade of Canada in 1912. The value of munitions shipped to April 30th was $470,000,000 and the total disbursements $543,000,000.

According to Colonel David Carnegie, of the Imperial Munitions Board, in a recent address before the Ottawa branch of the Canadian Society of Civil Engineers, there are 650 factories engaged in 144 towns scattered throughout every province of the Dominion except Prince Edward Island. Cities as far apart as St. John, Newfoundland, and Victoria, B.C. (a distance approximating 4,500 miles), are contributing to the output. Manufacturers from almost every industry in Canada have turned their attention to the production of munitions, and it is gratifying to record that few of them have failed in producing the standard of work required.

Some idea of the amount of plant and machinery installed can be obtained when it is remembered that apart from the large increase in the number of steel-making furnaces which have been installed since the war commenced, there are 26 contractors making shell forgings, with a total forging press capacity of 61,000 tons. This tonnage is represented by 162 forging presses, the largest having a pressure of 1,500 tons and the smallest 200 tons. In order to feed these presses with steel for forgings, 200 furnaces have been built. The presses are driven by 120 sets of pumps, having a total electric motor capacity of 21,000 horse-power. The approximate value of shell forging plant machinery installed is estimated at $5,000,000.

Coming to the plants for the machining and assembling of shells and the manufacture of component parts, there have been installed over 18,000 machines and 90,000 horse-power to drive them, the estimated cost approximating $35,000,000.

Almost insuperable difficulties were met in the early days of the war in obtaining gauges for munitions. We can never thank the United States manufacturers sufficiently for what they did in coming to our aid at that time, said Colonel Carnegie. The special skill in making gauges to the limits of accuracy required could not then be found in Canada. To-day there are at least twenty factories producing gauges in Canada, and while we are not independent of help from the United States, some idea of the magnitude of the work can be understood from the monthly bill, which amounts to over $150,000 for new gauges.

During the month of March about 10,000 new gauges and checks were inspected. The usual accuracy called for on a gauge is .0003 3/10 thousands of an inch, and for a check 1/10 thousand. An army of over 5,000 examiners are engaged upon the inspection under the direction of Colonel Edwards and his staff of officers.

In addition to the production of steel, the manufacture of forgings, the machining and assembling of shells and the manufacture of cartridge cases, fuses, primers, and other components, the mining and metallurgy of metals for munitions manufacture have played an important part in Canada. Copper and zinc are now refined in the Dominion instead of being sent in the form of concentrates of zinc and copper matt to the United States for refining there. Copper products, such as copper bands, are now being manufactured in Canada on a commercial basis. Brass cartridge case material, so difficult to obtain in the early months of the war, is now being made successfully in Canada. Other metals, such as lead, antimony, arsenic, tungsten, molybdenum and aluminum, have been produced for munitions.

Side by side with these developments there has grown a capacity for explosives even greater in proportion than that of metals. In order to complete what we call the fixed 18-pr. round of ammunition, it is necessary to make cordite or nitrocellulose powder, and while experimental amounts of cordite had been produced before the war, Canada's capacity to-day approaches 1,000,000 lbs. per week of both cordite and nitrocellulose powder.

One of the principal explosives used for bursting shells, known as trinitrotoluol, has been made successfully in Canada for over two years from the by-products of the coke ovens. To-day the production approaches 1,000,000 lbs. per week.

Among the many contributing features of successful production to-day, started by Mr. J. W. Flavelle soon after he became chairman of the Imperial Munitions Board, was the creation of great national factories in Canada. In addition to stimulating and developing companies in Canada, he set in operation several national factories for the loading of fuses, the manufacture of gun cotton, acids, trinitrotoluol, aceton, cordite, nitrocellulose powder, aeroplanes and electric steel. These factories are operated by separate companies, the entire stock of each company being held by the Imperial Munitions Board. In this connection it is interesting to know that aeroplanes are being made in Canada at about the rate of one per day, and when the new factories are completed five per day are expected.

Discussing the value of the munitions business as a permanent asset to Canadian industry, Colonel Carnegie divided it into two parts, the first resulting from the standardization of products, the second from the standardization of skill.

Standardization of Product.

There is no industry in Canada which has been occupied in the manufacture of munitions but has passed through a process of refinement which will leave it in a better condition when it returns to domestic pursuits after the war. If you review the great industries of Canada it will be difficult to find one which has not been actively contributing to the output of munitions.

Industries such as the iron and steel; the metals and metal products; refractory materials and fuels; lumber and timber; leather; textiles; paper; chemicals and other minor industries, have called into being processes and plant which could be adapted for munitions, and have also added new processes, new equipment and new skill where these were required.

In addition to the employment and adaptation of existing industries for munitions manufacture, entirely new industries have been brought into activity. The manufacture of munitions has given an abiding impetus to the mining and subsequent operations in the production of coal, iron, copper, nickel, zinc, molybdenum, antimony, aluminum and other metals.

The chemical industries have been accelerated by utilizing the waste products of the coke ovens for the manufacture of high explosives. These waste products, after the war, will be turned, by ingenuity and skill, into valuable domestic products.

The electro-chemical industries, such as the refining of copper, zinc and lead, have been initiated and will remain as a commercial asset. The electro-thermic processes for the production of ferro-alloys, such as ferro-silicon, ferro-manganese, ferro-molybdenum, aluminum, magnesium and other metals, have produced standardized products.

Standardization of Skill.

The widespread knowledge of new processes, involving the scientific study of metals, the flow of materials, and their physical, chemical and metallurgical values, has been such that one can hardly imagine it would have been possible for the universities and technical schools of Canada to have provided such instruction in the course of many years which has been crowded into as many months. Every workshop has been a school of training in standardizing its skill. Every factory in which steel is made and forged is now partly or fully equipped with the means for measuring temperatures and intelligently discovering the value of the materials with which they are working. In every workship in the different provinces of Canada where shrapnel shells are made, the scientific treatment of steel is known. There is hardly a town of any importance in which the use of precision instruments and gauges for measuring shells and their component parts does not exist.

It is difficult to assess the value of this skill to Canadian industry, in which over 250,000 workers have become skilled in the art of such processes and the manipulation of such tools and gauges. It is more surprising still to know that nearly 12,000 women have become skilled in this work. Never in history, has there been such an incentive to acquire such skill for a purpose the like of which our civilization should be ashamed, but which is nevertheless an asset which will be of great value in the peaceful commercial industries for the expansion of Canada.

MUCH REAL ESTATE; NO LIFE INSURANCE

The late Matthew O'Connor, who died in Toronto on March 24th, left an estate of $60,430, made up as follows: $750 personal and household effects, $17,440 in mortgages, $13,276 cash, $8,600 equity in 27 and 39 Howard Street, $3,600 equity in 35 Howard Street, $13,500 equity in 106 Maitland Street, and 51 shares in the Home Bank, valued at $3,264.

The paper plant at Port Mellon, Howe Sound, established some years ago, but which has been idle for a long time, is being altered for the manufacture of kraft paper. The Rainy River Pulp and Paper Company has been organized by a syndicate of New York capitalists, headed by Mr. Robert Sweeny. Kraft paper will also be manufactured by the Pacific Mills Company, Limited, which has nearly completed its plant at Ocean Falls. A second and larger unit is now under construction directly across Link River from the present plant.

COBALT ORE SHIPMENTS

The following are the shipments of ore, in pounds, from Cobalt Station for the week ended May 4th, 1917:—

Trethewey Silver Mine, 66,136; McKinley-Darragh-Savage Mines, 81,503; Dominion Reduction Company, 88,000; O'Brien Mine, 64,260; Beaver Consolidated Mine, 54,695; Penn-Canadian Mine, 120,553; Coniagas Mines, 162,074. Total, 637,221 pounds, or 318.6 tons.

The total shipments since January 1st, 1917, now amount to 8,240,862 pounds, or 4,120.4 tons.

Another request for railway materials to construct roads behind the lines of the armies in France for use in the military operations on that front has been received by the Canadian government from the British authorities. This time enough rails to lay 300 miles of railway are required. These will be secured by dismantling a stretch of about 200 miles of the Grand Trunk Pacific Railway where it parallels the Canadian Northern west of Edmonton.

INVESTMENTS AND THE MARKET

News and Notes of Active Companies—Their Financing, Operations, Developments, Extensions, Dividends and Future Plans

Dominion Textile Company.—The company has declared a dividend rate which places the stock on a 7 per cent. basis. This compares with the 6 per cent. rate which has prevailed since 1913. For the year ended March 31st, 1916, the profits, gross and net, were the largest in the history of the company, and for the year ending March 31, 1917, it is stated in generally well-informed circles that the sales will exceed $12,000,000, or equal to a turnover of $1,000,000 a month, a new record.

Dominion Linens, Limited.—The satisfactory results of this company for 1916 were given in these columns last week. *The Monetary Times* is informed that a large amount of capital of the company was non-productive last year being invested in new building and cotton spinning machinery, but that larger profits are anticipated this year. The company's cotton spinning plant has been in operation two weeks and is working at 50 per cent. capacity and will shortly be at capacity as all machinery is now at the plant.

British-American Land Company.—The receipts from all sources, both in Canada and London, including £4,137 brought forward, amounted to £7,078, and the payments therefrom to £2,953, leaving a balance, or net residue, of £4,124, out of which 7s. 6d. per share (free of income tax) has been paid, this leaves £2,025 to provide for carrying on the business of the company and to meet income tax in respect of the year 1916-17. For each of the 21 years to the end of 1914 the dividend was 25s. per share, but for 1915, owing to the absence of land sales, no distribution was made.

Brompton Pulp and Paper Company.—A statement issued by the board of directors said:—

"At a meeting of the board of directors of the Brompton Pulp and Paper Company, Limited, it was resolved that owing to the new basis of taxation upon commercial corporations recently determined upon by the government it is deemed inadvisable to continue the development work of this company at the present time."

The Brompton Company had made all arrangements for the development of one of its water powers and work was to start shortly. The company owns five water powers, three of which have been developed. The plans drawn in connection with the development of a fourth, it is understood, called for the expenditure of $500,000 to $750,000, and the company had made financial provision for the amount required.

Dome Mines Company.—The monthly statement of the Dome Mines Company shows a smaller production. The total tonnage milled amounted to 28,900 tons, as compared with 36,700 tons in March; 36,270 tons in February and 39,600 tons in January. Bullion production totalled $132,000, as compared with $175,000 in the previous month, a falling off of $43,000. The average value of the ore treated was 20 cents below that of the previous month. The figures compare as follows:—

	Tons milled.	Bullion.	Yield per ton.
April	28,900	$132,000	$4.60
March	36,700	175,000	4.80
February	36,270	172,500	4.76
January	39,600	181,000	4.57

North American Pulp and Paper Company.—A statement issued by Mr. J. Steele, manager for the syndicate which handled the stock of the North American Pulp and Paper Company, based upon personal investigations, which reads, in part, as follows: "The company's earnings for 1917 will exceed the estimate made last November when a guarantee was given that provided that the net earnings should be at least $1,500,000. From business and orders now accepted, it is estimated that the net earnings will exceed $2,000,000. The company now has 900,000 acres of pulpwood lands granted by the government, and own through the several companies owned and controlled by them 600,000 acres. A fair value of these properties shows $31,500,000. Mills, power houses, railroads and other physical properties could not be duplicated for $10,000,000.

"Profits in the first quarter of 1917 were $235,000. At this rate, after allowing for sinking fund and bond interest, earnings are equal to 1¼ per cent. on the common at par or about 22 per cent. on the stock at the present price. It is understood that the output will be increased before the end of the present year."

Hudson Bay Company.—The land sales and the receipts therefrom of the company are as below. The sales were chiefly centred in Saskatchewan and Alberta. From the following official statement the average price obtained per acre this year is shown to be £3 8s. 4d. as compared with £3 5s. 11d.

For quarter ended March 31st, 1917, the returns are:—

	1917.	1916.
Farm lands—		
Acres	70,300	30,600
Sold for	£249,400	£ 98,000
Town lots—		
Sold for	£ 200	£ 400
Total receipts—		
Land department	£119,800	£ 73,100
For the twelve months ended March 31st, 1917:—		
Farm lands—		
Acres	255,200	79,300
Sold for	£871,500	£261,600
Town lots—		
Sold for	£ 9,700	£ 4,700
Total receipts—		
Land department	£393,000	£234,100

Canada Steamship Lines, Limited.—The directors of the Canada Steamship Lines have authorized the payment of a dividend of 5¼ per cent. on the preferred issue of the company, thus eliminating the entire dividend arrears due on that issue up to December 31st last. It was pointed out after the meeting of directors that just previous to the breaking out of the war, a by-law had been adopted whereby quarterly payments on the preferred would cease, and the sole distribution be made at the end of the company's fiscal year, which corresponds with the calendar year. This by-law is being followed, which means that there will be no quarterly declarations, but that at the end of the present year when the company has its earnings account well in hand another payment will be made covering the entire year based on the financial position of the company. No statement as to the payment of a dividend on the common stock was made. The company made no distribution of profits from May 31st, 1914, until 1916, when three payments were made of 1¾ per cent. each, equal to 5¼ per cent. On March of the present year 7 per cent. was paid and the 5¼ payable in June next makes a total distribution over the two years of 17½ per cent.

Winnipeg Electric Railway Company.—The company's annual return shows a net surplus of $445,251, equal to 4.9 per cent. on the capital stock, compared with $496,102, or 5.5 per cent. the previous year. Comparisons of the profit and loss figures for three years follow:—

	1916.	1915.	1914.
Gross earnings	$3,311,169	$3,663,895	$4,101,302
Operating expenses	1,939,041	2,332,158	2,416,209
Net earnings	$1,372,128	$1,331,737	$1,685,093
Other income	26,010	....	....
Net income	$1,398,138	$1,331,737	$1,685,093
Charges	952,887	835,635	690,482
Balance	$ 445,251	$ 496,102	$ 994,611
Dividends	....	855,000	1,080,000
Surplus	$ 445,251	*$ 358,898	*$ 85,388
Previous surplus	682,824	1,141,496	901,697
Total surplus	$1,128,075	$ 782,598	$ 816,309

*Deficit.

The Northwestern Life Insurance Company, of Winnipeg, reports having written nearly as much business for the four months ended April 30th as was written all last year. The company was licensed April 1st, 1916. The business for April was nearly three times that for the month of January this year.

BRITISH WAR INSURANCE CLAUSES

Wide Variation in Wording and Provisions for Different Classes of War Risks

An analysis of the war practices of British life insurance companies which had been prepared by the Association of Life Insurance Presidents was given by Actuary J. J. Brinkerhoff, of the association, when addressing the war risk practices committee in New York. He said:—

"The Association of Life Insurance Presidents addressed a communication to all the British companies, asking for copies of their war clauses, rates and mortality experience in so far as they were able or willing to give them. Replies were received from 49 companies, but only 28 furnished copies of their war clause. All reported that no systematic attempt had been made to gather mortality statistics as yet, all being too short-handed. The conditions are shown by the reply of one company: 'Generally speaking, staffs on this side are so short through the war—we ourselves having lost 93 per cent. of our eligibles and likely to lose more—that it is impossible to undertake any other than purely pressing necessary work.' The replies of the other 21 consisted merely of printed annual reports, making only general references to the effect of the war.

Wide Variation in Clauses.

"The most notable feature of the replies was the wide variation in the wording and provisions of the various war clauses used. This wide divergence made any exact tabulation impossible, and even the facts given below, for exact accuracy, would in nearly every case need some qualification or modification. In a rough way, however, the following tabulation will show the principal features of the English clauses:—

Number of companies reporting on war clauses........	28
Companies that take no war risks	6
Clauses tabulated	22

"The 28 companies whose war risk regulations are tabulated wrote £32,916,105 of the total of £83,462,829 new issues written by the 89 British companies in 1914, or about 39.45 per cent. of total.

"Application to Army.—Applies on entering service, 3; applies on leaving Great Britain, 19. Total, 22.

"Application to Navy.—Applies on entering service, 11; applies on going afloat, 5; applies on leaving Great Britain, 6. Total, 22.

"Application to Aviators.—Applies on entering service, 8; applies on leaving Great Britain, 1; aviation not mentioned, 13. Total, 22.

"Continuous Restrictions.—(Effect of service without consent.) A—Policy becomes void, 4. B—Benefits reduced: To gross premiums, 2; to cash surrender value, 2; *to twice amount of premiums paid during war and one year after, 1; to twice amount of premiums paid during war and six months after, 1; *to twice amount of premiums paid during war, 1; to one-tenth of face of policy for each year of war service, 1; not stated, 5. Total, 17.

"Restrictions Limited.—Limited to three years, 2; limited to five years, 1; limited to duration of present war, 2. (Effect of service without consent.) A—Policy becomes void, 2. B—Benefits reduced: *To twice amount of premiums paid during war and one year after, 1; to percentage of all premiums paid, varying from one-third on whole life to two-thirds on endowment, 1; to gross premiums, 1. Total, 5.

"(*As all war clauses now in use have been adopted since the beginning of the war there is no accumulated reserve lost in such cases as these.)

Rates for War Risk.

"At the beginning of the war it was thought that the experience of the Franco-Prussian war would be some guide, and rates of 5 per cent. to 7 per cent. in addition to the ordinary rates were fixed accordingly, but it was soon found that these rates were wholly inadequate and they were raised by successive stages to those quoted below, the company stating in each case that rates were those then in force and liable to change at any time, while six companies had withdrawn altogether from insurance of any war risks. With four exceptions, the amount of the extra war premium is not given in the policy, the usual expression being 'such extra premium as the directors may deem necessary.'

Extra Premium for War Hazard in Addition to Regular Premiums.

Number of companies quoting rates		12
21 per cent. of face of policy per year.............	3	
20 per cent. of face of policy per year.............	3	
17.85 per cent. of face of policy per year............	1	
16.8 per cent. of face of policy per year thereabouts..	1	
15.75 per cent. on endowment only	2	
12.6 per cent. of face of policy per year............	1	
10.0 per cent. on 15-year endowments only.........	1	12

SWEDISH ASSOCIATION OF CANADA

Important Organization Established—Will Work for Canada-Sweden Steamship Line

The Swedish Association of Canada (Svenska Förbundet I Canada) has just been formed with offices at Canadian Express Building, Montreal. The organization will bring the Canadian Swedes into closer communication with each other for mutual benefit, and will devote itself to furthering the intercourse between Canada and Sweden. These efforts will include the dissemination in Canada of closer knowledge regarding Swedish intellectual life and customs and vice versa; a speedier and more extensive exchange of news between the Canadian and Swedish press; furthering of the commercial intercourse between the two countries, not only through the old channels but also by taking full advantage of the opportunity which at the end of the war may offer itself to Sweden to replace Germany in furnishing Canada with many lines of specialties needed here and, on the other hand, facilitate the export of Canadian raw materials, such as cereals, minerals, etc., to Europe, by eventually establishing direct overseas connections between Canadian and Swedish ports.

Canadian Ports of Call.

While the latter project, it is thought by the promoters of the Association, perhaps may not materialize for some years, it is thought feasible that ships that now only touch American ports may be induced to make Montreal or Halifax ports of call and thus eliminate the considerable delay of transshipping in European and American ports that has until now been a heavy impediment to the full extension of Swedish-Canadian commercial relations.

In response to a request of *The Monetary Times*, Dr. David Bergstrom, consul general for Sweden, Montreal, gave the following statement regarding the new association:—

"In the population of Canada there is quite a large Swedish element. Before the outbreak of the present war, that part of the Canadian population which is of Swedish descent amounted to about 200,000. Most of the Swedes are living in Western Canada where they, in the prairie provinces, have made the names of excellent farmers. Up to 1914, a great number of Swedes were employed in railway construction, especially in British Columbia, but when the war broke out and such work had to be stopped for the time being, they were scattered to different parts of the continent. In the fisheries, mining, lumbering and pulp and paper industries, are to be found a great number of Swedes, and in the pulp and paper industry they are holding some of the most responsible positions in Canada.

Further Proper Interests.

"At the present time and looking forward, it belongs to the Swedes, as well as other people, to consider how to further their proper interests, and in organizing the Swedish Association of Canada, the Swedes in this country are emphasizing their intention to work for the development of the relations between Sweden and Canada.

"To Sweden, the country from which these people come, it is evident that an organization like this would prove of great value in several instances, and I daresay it may be of value also to Canada. I will only refer to one field in which the newly formed Swedish Association of Canada ought to be able to do useful foundation work, of importance to Canada as well as Sweden. It is just this particular field that the new association had in view when in its constitution it

(Continued on page 45.)

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The Monetary Times does not necessarily endorse the statements and opinions of its correspondents, nor does it hold itself responsible therefor.

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THE RAILROAD REPORT

Not counting the loss of interest for many years upon the investments in government-operated railroads, for the eight systems, in which the public is most interested, the people of Canada, through their governments, have provided or guaranteed the payment of $968,451,000. Assistance has also been given in other ways. To-day, according to the figures contained in the Drayton-Acworth report, the Grand Trunk requires $51,000,000 to put it into position to meet the requirements of its present business. The Canadian Northern requires $70,000,000 for equipment, additions and betterments in the next five years. The public investment in that road, direct and indirect, is $298,000,000. The company will not be able to meet its fixed charges for some years to come. The Grand Trunk Pacific, the cost of which was estimated at $61,415,000, has cost $159,881,000. The Grand Trunk has objected to the agreement by which it was to operate the Grand Trunk Pacific on a rental basis. The government, by accepting the company's refusal and commencing to work the line themselves, have in effect released the company unconditionally. These are only a few of the facts and figures cited in the report which clearly indicates that continued operation by private corporations will mean continued assistance by the government for some time to come. The alternatives are to allow the companies to finance themselves, if that is possible, or to accept some scheme of government operation.

Whether it is fair or not, there is a considerable volume of opinion against further assistance to the railroad corporations. While government ownership of railroads has won many advocates in recent years, there is still considerable antipathy to the lack of businesslike operation, the political atmosphere and the bookkeeping methods of most public ownership enterprises. This antipathy one frequently finds held by men with otherwise radical opinions. Were it not for the financial factor, the present choice of alternatives might not have been necessary. The fact that the people have assisted the railroads to such an extent, and that much more assistance is needed, brings the public ownership question into somewhat new territory. The problem in the public mind is chiefly how to get out of a bad muddle at the cheapest price.

That it is somewhat late in the day to think of these things is now apparent. Sir Henry Drayton and Mr. Acworth in their report express the opinion that the government, both of the Dominion and of the provinces, did not fully realize how serious was the liability which they were assuming in the days of railroad bond guarantees and other assistance. Neither did the companies realize how serious the position would be if recourse had to be had to the guarantees. This in effect means that the governments and the corporations went headlong into their railway schemes without proper knowledge of their financing and what the plans actually involved. The majority report refers also to the support of such action by "an uninformed and unreasonably optimistic public opinion." These statements should at least lead to the greatest caution before deciding to amalgamate under one management 25,000 miles of railway lines, which in respect of mileage and territory served, have no parallel; to acquire the control of their stocks; to operate the roads; to assume responsibility for the interest on their debts,—all this during a period of world-wide unsettlement of business conditions. Our plea is not for one solution or the other but for sufficient consideration so that the right course may be taken at this juncture. To make further mistakes in the railroad policy will prove extremely costly to the country.

FIRE INSURANCE EXPENSES

The legislatures in the United States and Canada are always agitating about insurance rates, and the expense of conducting the business, but never do anything to reduce the expense. On the other hand, by additional taxation, and the labor entailed in giving additional details in needless and innumerable statements required by each State in the United States, and each province in Canada, the insurance companies find an increasing outgo in expenses instead of a relief.

At last one government has tackled this problem. The State of Queensland, Australia, has by legislation controlled the commission expense by limiting the maximum commission, whether to one or more persons, to 10 per cent., and that only to persons licensed to receive the same as brokers or agents. Any person not licensed as a broker or agent accepting a commission is liable to a penalty of £100. The payment to a general agent is limited to 5 per cent. to one such managing agent in the northern district of Queensland and the same to one managing agent in the central district.

On the other hand, the stock companies' tariffs of rates are reduced by 20 per cent., unless results in any district or class show the need of increased rates. This reduction of 20 per cent. is offset partly by the above saving in commission and partly by prohibiting the discount of 10 per cent. to insured. This 10 per cent. discount by stock companies has been the practice for years past to compete with the discount or bonus granted by the mutual companies out of their profits. Now the mutual companies will quote the same rates as the stock companies. The result of this act has been to cut out a large number of brokers and agents in Queensland to whom insurance was a minor side line of their business.

RIGHTS OF CAPITAL

The Dominion government has decided not to disallow the two acts of the Ontario legislature, passed in the session of 1916, respecting the public development of water power in the vicinity of Niagara Falls and the regulation of its use. The request for disallowance was made by the Electrical Development Company, which contended that the province had no authority to pass the legislation. It also asserted that the law was an unjust interference with vested rights. The action of the Dominion is taken on the recommendation of Hon. J. C. Doherty, minister of justice, who says that the question in regard to the power of the legislature could be determined more conveniently by the courts.

The Ontario government's high-handed treatment of the rights of private capital will undoubtedly turn many future investments from that province to territories where at least the primary principles of fair play are observed by the government.

PREFERENCE TARIFFS

Fixing a preference tariff which will carry out the best intentions of its authors, is not an easy task. The Imperial War Conference in London has endorsed the principle of a British Empire preference. How has the preference accorded by Canada to Britain worked? During the five fiscal years 1910-1914, the total amount of the reduction of duty on goods from the United Kingdom, *i.e.*, the difference between the duties actually paid and the amounts which would have been paid on the same imports under the general tariff, was approximately $33,000,000, an average of $6,600,000 a year. Comparing the incidence of the Canadian tariff on goods imported from the United Kingdom which under the preferential tariff enjoy the remission of duty noted above, with its incidence on imports from the United States which pay general tariff rates, we have this result. The average ad valorem duty on all goods imported by Canada from the United Kingdom for the five-year periods 1901-1905, 1906-1910, and 1911-1915, was respectively 17.6 per cent., 18.7 per cent., and 19.5 per cent. The United States figures are 13.3 per cent., 13.2 per cent., and 15 per cent. This appears to be contrary to the intention of the provisions for granting a preference on British goods. But to some extent, as pointed out in the fifth interim report of the Dominions Royal Commission, the explanation lies partly at least in the difference in the character of the imports by Canada from the United Kingdom and the United States. A very large proportion of imports from the latter country consists of duty-free articles, such as anthracite coal, crude petroleum, etc. If dutiable goods alone are considered, the average ad valorem rate for the same periods, works out as follows: United Kingdom, 24.2 per cent., 24.8 per cent., and 25.3 per cent.; United States, 25.3 per cent., 24.7 per cent., and 24.9 per cent. Even then, there is a slight difference against imports from the United Kingdom. Amongst manufactured articles the United States have the bulk of the import trade in the lower taxed goods, such as manufactures of iron and steel, which pay on an average about 21 per cent. ad valorem in duty, whilst on goods like woollen manufactures, which are mainly received from the United Kingdom, the average duty is 29 per cent. In practically every case, however, the rate of duty is less when the specific article is imported from the United Kingdom.

Some authorities ascribe disadvantages of British trading in Canada not as a matter of duties per se, but among other things to tariff anomalies, such as the clauses relating to valuation, packages, dumping, and clearance from bond. The working of our British preference gives an indication of the task involved in framing an Empire preference, complicated by relations with our Allies and the neutral countries.

LAW MAKING AND BARGAIN BREAKING

In 1900, a bargain was made between the city of Vancouver and the British Columbia Electric Railway Company protecting the company from municipal competition. The greater portion of the $48,000,000 invested by the company in the province was raised from the public in Great Britain on the strength of this bargain. Now the city is seeking to repudiate its portion of the bargain. A straightforward history of the facts is printed by the company on another page. Although the private bills committee in the British Columbia legislature, after a thorough investigation, recommends that the city should adhere to its bargain, the legislature is asked to override the committee and to insert the amendment desired by the city.

This is unfair to the British capital which placed its funds in the British Columbia Electric undertaking on the distinct understanding that the city, before entering into competition with the company, should first offer to buy out the company. British Columbia is achieving an undesirable notoriety for deeds which do not help the provincial credit and which will make capital seek investment elsewhere. The political corruption, the contract scandals, the financial crashes, in that province in recent years, have caused grave misgivings as to the safety of capital there. The provincial legislature of British Columbia is expected to see that the city of Vancouver sticks to its bargain with the British Columbia Electric Railway. If not, what measure of faith may capital properly put in the law makers of the province?

Mr. Geo. Holt, who for a number of years has travelled in the western States for United States life insurance companies, has joined the travelling staff of the Northwestern Life, of Winnipeg.

Mr. J. Murray Clark, K.C., Toronto, has been elected president of the Royal Canadian Institute. President Clark is well known in legal and scientific circles. He is connected with the law firm of Clark, McPherson, Campbell and Jarvis, Toronto. As an authority and writer on "Company Law" he has a high reputation. Mr. Clark was one of the founders of the Imperial Federation League and is a member of the British Empire League.

Mr. Robert A. Pringle, K.C., who has been appointed as a special commissioner to conduct an enquiry into the production and sale of newsprint, is one of the leaders of the Ontario Bar. As a special commissioner he has conducted a number of important investigations for the Canadian government during the past few years.

Mr. J. H. Campbell, who has been connected with the Mutual Life Assurance Company of Canada, has been appointed by the Equitable Life Assurance Society as agency manager for British Columbia, with offices at Vancouver. Mr. W. T. Tasker, the former manager, has been appointed to another position in the United States.

MUNICIPAL BOND MARKET

The Monetary Times' Weekly Register of Municipal Activities and Financing

Peterborough, Ont.—The finance committee was given authority to call for tenders for $90,000 bonds.

Welland, Ont.—Tenders close on May 17 for $40,000 5½ per cent. 20-year bonds. Jean T. Robertson, treasurer.

Cobourg and Orillia, Ont.—It is understood that both these municipalities refused all tenders for their bond issues.

St. John's, Que.—An issue of $150,000 5 per cent. waterworks bonds is being offered for sale. J. A. Raymond, city clerk.

Kitchener, Ont.—An issue of $66,698 5½ 3-30-year bonds has been awarded to Messrs. C. H. Burgess and Company, Toronto, at 98.57.

Tisdale Township, Ont.—An issue of $45,000 6 per cent. 15-year bonds has been awarded to Messrs. R. C. Matthews and Company, Toronto.

Renfrew, Ont.—An issue of $11,533 6 per cent. 20 and 30-instalment bonds have been awarded to Messrs. A. H. Martens and Company, Toronto.

Trenton, N.S.—Tenders close on May 18 for $40,000 5 per cent. 20-year sewer bonds and $10,000 5 per cent. 20-year water bonds. W. Fraser, town clerk.

Edmonton, Alta.—The city has applied to the provincial utilities commission for permission to issue $1,200,000 6 per cent. 2-year bonds on the security of 1916 tax arrears.

Sandwich, Ont.—For the issue of $43,594 6 per cent. 10 and 15-year bonds, the bids were: Messrs. A. E. Ames and Company, $43,589 and interest; R. C. Matthews and Company, $43,751. There were other offers of par for part of issue with an option on balance.

Saskatchewan.—The following rural telephone companies' bonds have been awarded to Messrs. W. L. McKinnon and Company, Toronto: Bergthalls, $8,800, 7 per cent., 15-years; Hope Lodge, $8,000, 7 per cent., 15-years; Dafoe-Copeland, $1,500, 8 per cent., 15-years; Earl Grey Sylvan, $10,900, 7 per cent., 15-years.

Etobicoke Township, Ont.—For $4,000 6 per cent. 20-year bonds the following Toronto bids were made, the first-named receiving the award:—

Imperial Bank	$4,093
Messrs. G. A. Stimson and Company	4,084
Canadian Bond Corporation	4,083
Messrs. Macneill and Young	4,081
C. H. Burgess and Company	4,047

Alberta.—Tenders will be received by the bond branch of the Alberta department of education, Edmonton, up to May 21, on three blocks of school district bonds amounting to $41,150. Separate tenders are to be made on each block: (1) Grande Prairie S.D., $12,000, 20-years, 7 per cent. (village district). (2) Barnwell Consolidated S.D., $20,000, 20-years, 6½ per cent. (village district for assessment purposes). (3) Sunny Vale S.D., $500, 10-years 7 per cent.; Big Island Ferry S.D., $1,000, 10-years, 7 per cent.; Hermit Lake S.D., $1,050, 10-years, 7 per cent.; Stonehenge S.D., $1,200, 10-years, 7 per cent.; Willowby S.D., $1,200, 10-years, 7 per cent.; Del Bonita S.D., $1,200, 10-years, 7 per cent.; St. Eloi S.D., $1,500, 10-years, 7 per cent.; Jennings S.D., $1,500, 10-years, 7 per cent. M. C. Elliott, manager.

Maisonneuve, Que.—The city was unable to pay the $500,000 due on May 1 to the Freres du Mont Lasalle in connection with the purchase of property from them. Two-and-a-half years ago the city purchased a piece of property then occupied by the institution's buildings. The price agreed upon was $1,500,000 and the $500,000 due on May 1 represented the final payment. The last Maisonneuve city administration had set aside $500,000 of bonds to provide for this payment, but during its term of office $192,000 was diverted to other purposes. Owing to a clause in its charter the city cannot pay over more or less than the $500,000 due and the legislature has already refused to grant permission to borrow an additional $192,000. The institution is being asked to wait for the money. If this attempt succeeds application will be again made at Quebec to obtain permission to borrow the additional $192,000 needed.

Saskatchewan.—The following is a list of bonds reported sold:—

School Districts.—Jasmin, $1,200. Nay and James, Regina; Wheatley, $1,200. Goldman and Company, Toronto; Elardee, $1,600. W L. McKinnon and Company, Toronto; Deer Horn, $1,600. Grand Lodge, A.F. and A.M., Regina; Trafford Park, $1,600. Grand Lodge, A.F. and A.M., Regina; Oak Plains, $1,600. W. L. McKinnon and Company, Toronto; Haverhill, $1,600. H. O'Hara and Company, Toronto; White Eagle, $1,200. Nay and James, Regina.

Rural Telephone Companies.—Aneroid, $8,400. H. O'Hara and Company, Toronto; Smiley Western, $2,500. Regina Public School Sinking Fund; Rhein, $3,300. Regina Public School Sinking Fund; Cypress, $10,500. W. L. McKinnon and Company, Toronto; Pleasant Hills, $8,000. H. O'Hara and Company, Toronto; North Springside, $3,300. Nay and James, Regina; Edenland, $9,200. W. L. McKinnon and Company, Toronto; Steelman, $11,800. Nay and James, Regina; Heavyland, $400. W. L. McKinnon and Company, Toronto; Fox, $5,200. J. A. Thomson, Winnipeg.

Saskatchewan.—The following is a list of bond applications granted by the local government board:—

School Districts.—Middle Valley, $1,800, 10-years, not ex. 8 per cent. annuity. Secretary-treasurer, A. Skonnard, Winside; Nipawin, $800, 8-years, not ex. 8 per cent. instalment. F. Roberts, Nipawin; *Narrow Lake, $1,400, 10-years, not ex. 8 per cent. annuity. E. Ramm, Wilkie; Longdale, $1,850, 10-years, not ex. 8 per cent. instalment. J. R. Esler, Biggar; Murphy, $1,200, 10-years, not ex. 8 per cent. annuity. E. J. Erickson, Francis; Fraternity, $1,900, 10-years, not ex. 8 per cent. annuity. S. W. Davidson, Square Hill; *Stornoway, $2,000, 10-years, not ex. 8 per cent. instalment. G. A. Hendry, Stornoway. *Being sold by the local government board.

Rural Telephone Companies.—Twin Buttes, $5,200, 15-years, 6 per cent. annuity. D. S. Horn, Gull Lake; Willows, $16,000, 15-years, not ex. 8 per cent. annuity. W. G. Lowes, Willows; Ethelton, $2,300, 15-years, not ex. 8 per cent. annuity. F. V. Bellivean, Kinistino; Rosemound, $8,600, 15-years, not ex. 8 per cent. annuity. Fred. Hunt, Young; Annaheim, $11,000, 15-years 7 per cent. annuity. M. F. Reynolds, Annaheim; Davin, $2,400, 15-years, 7 per cent. annuity. J. F. Parsons, Davin; Rainton, $1,000, 15-years, not ex. 8 per cent. annuity. Mrs. T. H. Hoare, Rainton; Bethune South, $3,300, 15-years, not ex. 8 per cent. annuity. N. P. Fogerty, Bethune; Paswegian, $2,700, 15-years, not ex. 8 per cent. annuity. A. J. Webster, Paswegian; Disley, $8,200, 15-years, 7 per cent. annuity. H. B. Robinson, Disley; Silton North West, $6,400, 15-years, not ex. 8 per cent. annuity. W. H. Carter, Silton.

City.—Saskatoon, $23,000, 20-years, straight term 5 per cent., payable semi-annually. A. Leslie, Saskatoon.

Village of Admiral, $1,500, 10-years, not ex. 7 per cent. A. E. Rodger, Admiral.

MONEY MARKETS

Messrs. Glazebrook and Cronyn, exchange and bond brokers, Toronto, report exchange rates as follows:—

	Buyers.	Sellers.	Counter.
N.Y. funds	½ pm	½ pm	⅝
Mont. funds	par	par	⅛ to ¼
Sterling—			
Demand	$4.77.70	$4.77.95	$4.80
Cable transfers	$4.78.65	$4.78.85	$4.81

Sterling demand in New York, $4.75½.
Bank of England rate, 5 per cent.

The following companies have changed their names: The Gilfoy-Miller Insurance Agencies, Limited, with Alberta charter, to James O. Miller Insurance Agencies, Limited; the Pettet-Bell Hardware Company, Limited, with Alberta charter, to the Bell Hardware, Limited; Wilson Carbon Paper Company, Limited, with Dominion charter, to Budge Carbon Paper Manufacturing Company, Limited; Empire State Mines, Limited, with Ontario charter, to Canadian-Kirkland Gold Mining Company, Limited; J. A. Westman Agency, Limited, with Saskatchewan charter, to Armstrong-Logan Agency, Limited.

RECENT FIRES

The Monetary Times' Weekly Register of Fire Losses and Insurance

Belleville, Ont.—April 29—Albion Hotel. Loss, $500. Fire started in kitchen.

Brockville, Ont.—April 26—Fulford Block, King Street and Court House Avenue. Loss, $1,500. Cause, supposed electric wiring.

Chippewa, Ont.—April 29—Stores owned by Messrs. O. Herbold and W. E. B. McKenzie. Loss, $5,000; partially insured.

Florence, Ont.—April 29—Logan block, Main Street, Drew and McIntyre's store, post-office and Milton's tailor's shop, Randall block. Cause unknown.

Little Souris, Man.—April 21—Mrs. Eames' residence. Loss, $3,000.

Montreal, Que.—April 20—Three-story brick factory, Nazareth and Brennan Streets, occupied by Independent Silk Company, Montreal Sponging Company and Robert Gardener Company. Loss, $125,000.

Parry Sound, Ont.—April 25—Residences of Messrs. T. Hoddy and W. Morris. Cause, boy playing with matches.

St. Genevieve de Batiscan, Que.—April 29—School and two residences. One death.

St. John, N.B.—April 24—Messrs. Taylor and White's barrel plant, Lansdowne Avenue. Insured.

South Rawdon, N.S.—April 25—Mr. Hopkins' barn. Loss heavy; partially insured.

Timmins, Ont.—April 30—Mr. Lamont's residence, Birch Street.

Vulcan, Alta.—April 22—National Elevator Company's elevator. Loss estimated, $120,000.

ADDITIONAL INFORMATION CONCERNING FIRES ALREADY REPORTED

Saskatchewan.—The provincial fire commissioner's returns show that the provincial fire loss was $1,558,191. Included in the total is $193,862, the adjusted loss of seventeen elevators which burned during the year. Fifteen lives were lost, of which several deaths resulted from mistaking gasoline for coal oil. Four persons were burned through film catching fire in country moving picture houses. The record shows that 1,113 buildings were destroyed or affected by fire during the year, an increase of 345 over 1915. The following figures show the causes, number of fires and the monetary losses: Exposure fires, 94, $85,000; cigars, cigarettes, etc., 28, $18,000; children with matches, 24, $7,800; defective furnaces, stoves, and chimneys, 76, $37,000; explosions of oil stoves, gasoline, etc., 41, $18,000; hot ashes against buildings, 18, $10,000; lightning, 125, $53,000; carelessly dropping lighted matches, 22, $200,000; overheated stoves, etc., 86, $100,000; prairie fires, 11, $8,500; sparks, 33, $15,000; smudges on farms, 9, $4,000; smoking in bed, 2, $100. Buildings—Barns, 178, $144,098.08; churches, 14, $22,000; dwellings, 488, $220,000; grain elevators, 31, $300,000; hotels, 28, $210,000; hardware stores, 14, $7,000; livery barns, 12, $18,600; offices, 11, $2,000; stores, 81, $250,000; schools, 11, $25,500; warehouses, 22, $29,000; automobiles, 18, $5,000.

Ontario.—Fire Marshal E. P. Heaton's report for March is summarized as follows:—

Month.	No. of fires.	Loss.	Insurance loss.	Loss not covered by insurance.
January	798	$ 808,419	$ 566,589	$241,830
February	1,020	1,369,139	1,105,039	264,100
March	765	1,144,373	886,126	258,247
Total	2,583	3,321,931	2,557,754	764,177

A gratifying reduction in the number of fires reported during the month of March is shown as compared with the preceding month. The experience in Essex county, noticeable for a large amount of loss for the month, is due almost entirely to the serious fire which visited the plant of the Chalmers Motor Company at Ford. Mrs. Mabel Cronin (nee Snowdon) was sentenced by the county judge of Wentworth county at Hamilton to serve one year in the Mercer Reformatory for attempting to defraud the Hamilton Fire Insurance Company. At Trenton police court, on March 31st, 1917, M. Boyle was committed for trial at the assizes charged with having set fire to the King George Hotel at Trenton on March 28th, 1916. A warrant is out for another man alleged to have been implicated in the affair, but he is said to have left the country. At Kitchener, on April 18th, Teddy Moyer, a young lad of eleven years of age, was arrested for setting fire to a barn occupied by T. A. Workman. After being arrested, young Moyer confessed to Chief of Police O'Neil that during the last six months he had set seven fires, including three barns. During the month of March the fire marshal held and closed twenty-six investigations. The only case in which arson was developed was one in the county of Essex, from which, however, the suspect departed. A warrant is outstanding against him. Several important investigations are under way, including R. J. Graham Company, Limited, Belleville, fire of April 12th, 1917; Dominion Canners, Limited, Simcoe, fire of April 18th, 1917; Albert College, Belleville, fire of April 21st, 1917; John Ingles, Limited, Toronto, fire of April 24th, 1917.

TO DIRECT STEEL SHIPBUILDING

Mr. W. I. Gear, of the Robert Reford Company, Montreal, has been appointed to take charge, under the board, of steel merchant ship construction in Canada for the British government. Mr. Gear will establish an office at Ottawa and assume his new duties. It is understood that Sir Robert Borden on his return to Canada will at once take up the question of further stimulating shipbuilding in Canada.

STEEL AND RADIATION, LIMITED

The results of operations of the Steel and Radiation Company show considerable improvement over those of the previous year. An increase of 30 per cent. in the sales of the company's products was made, and the final results from the manufacture of munitions are anticipated to be satisfactory. The principal figures, compared with those of 1915, are as follow:—

	1915.	1916.
Net profits	$ 123 036	$ 303,601
Capital assets	3,487,672	3,768,967
Current assets	510,005	621,940
Current liabilities	321,679	459,348
Real estate reserve	191,443	391,443

The total profits last year were $372,319. Bond interest and interest on borrowed money amounted to $68,717, leaving net profit of $303,601. From this $100,000 was set aside for depreciation of permanent plant and $100,000 for amortization of munitions plant, a wise and proper provision. The dividend paid required $46,529, leaving a balance at credit of profit and loss of $50,668.

Sir Henry Pellatt, president of the company, who takes an intimate interest in the company's welfare, in his annual address stated that the indications justified a reasonable optimism as to the outlook, and that an increased output of heating apparatus would be made during the present year.

The company is under the active management of Mr. H. H. Macrae, managing director, who has a high reputation as a financier and executive man. The general improvement of the company's position as compared with that of a year ago is the outstanding feature of the present excellent report.

Mr. Purvis McDougall has been nominated as chairman of the Montreal stock exchange. The other nominations are: Vice-chairman, Mr. Edgar M. Smith; secretary-treasurer, Mr. M. C. Oswald. Managers—Messrs. A. Bruneau, F. C. Fairbanks, C. S. Garland, C. E. Gault, C. J. Hodgson and T. W. McAnulty.

CANADA'S BANK CLEARINGS

The following are the bank clearings for the months of April, 1917, and 1916, respectively:—

	Month ended April, '17.	Month ended April, '16.		Changes.
Montreal	$ 344 245,448	$269,945,748	+	$ 74,299,700
Toronto	263,225,159	186,270,201	+	76,954,958
Winnipeg	271,543,933	131,002,911	+	140,541,022
Vancouver	30,333,013	21 859,400	+	8,473,613
Ottawa	23,528,121	18,815,907	+	4,712,214
Calgary	28,954,474	16,296,622	+	12,657,852
Hamilton	19,700,732	15 128,703	+	4,572,029
Quebec	17,342,986	14,467,260	+	2,875,726
Edmonton	10,876,054	8,997,895	+	1,878,159
Halifax	11,642,071	9,015,268	+	2,626,803
London	9,842,802	7 759,754	+	2,083,048
Regina	11,822,927	7,050,435	+	4,772,492
St. John	9,980,441	6,698,503	+	3,281,938
Victoria	6,931,714	5 642,791	+	1,288,923
Saskatoon	7,410,683	4,384,976	+	3,025,707
Moose Jaw	4,864,113	3,449,846	+	1,414,267
Brandon	2,324,559	2 033,936	+	290,623
Brantford	3,357,715	2,615,687	+	742,028
Fort William	2,113,474	1,835,161	+	278,313
Lethbridge	3,630,983	1,858,603	+	1 772,380
Medicine Hat	2,720,975	1,475,414	+	1,245,561
N. Westminster	1,263,763	1,029,602	+	234,161
Peterboro'	2,622 597	1,918,514	+	704,083
Sherbrooke	2,590,563	2,120,496	+	470,067
Kitchener	2,567,848	2,215,479	+	352,369
Total	$1,095,437,148	$743,889,112	+	$351,548,036

Mr. G. Beardmore, Toronto, has been elected to fill the vacancy on the directorate of the Canadian General Electric Company created through the death of Senator Kerr, and Mr. W. G. Ross has been appointed in the place of Mr. J. K. L. Ross, who resigned from the board after his appointment as chairman of the pensions board of Canada.

CANADA'S RAILROAD PROBLEM

Suggested Consolidation of All Roads, Except Canadian Pacific, and Creation of Holding Company

III.

[In the following article (the concluding of three) by Mr. W. T. Jackman, M.A., Department of Political Science, University of Toronto, the remedies for our existing railroad difficulties are discussed. In the first article the advantages of Government ownership of Canadian railroads were dealt with, and in the second article, the objections to, or disadvantages of, Government ownership were considered.—Editor.]

Thus far, we have shown the anticipated advantages of and the chief objections to government ownership of railways in Canada. In considering the disadvantages of government ownership we have shown certain things which would seem to destroy some of the arguments of those who favor such a course: we have shown that public ownership would not necessarily give equality of treatment to all, that the government might not be able to raise needed capital at a lower rate of interest than private corporations, and that there would be a tendency toward higher rates rather than the opposite. Before leaving our view of the advantages, it will be well to note that the unified system of rail and water carriage, upon which some have expatiated as a means of securing great economies in transportation, would by no means be sure to bring such a desired result. Under conditions such as we face in normal times, the greatest element in the cost of service is that of labor.

Rail and Water.

Now, if by this proposed unification of rail and water systems it is expected, for instance, that wheat from the great plains of the West will be taken by rail to Fort William or Port Arthur and thence shipped by water to Montreal, the cost of transportation may be greater than if the wheat were sent through by rail, for the labor required to transfer the grain from the rail to the vessels at the head of the lakes, the payment of the labor and lock dues at Sault Ste. Marie, St. Clair Flats, Welland Canal, and the St. Lawrence canal system, together with the expenses of transhipment in order to permit the grain to go down the St. Lawrence canals, might be so great that it would exceed the cost of all-rail shipment. It is possible, therefore, in fact it seems probable, that when all the expenses are considered, including interest on capital, the cost of carriage by such a unified system as that here mentioned would exceed the estimates of its sanguine advocates. It behoves us to look at all these phases of the matter before endeavoring to decide upon the relative merits of private and governmental control.

Two Important Advantages.

From what we have said it appears as if there were left but two clearly defined advantages of government ownership; namely, that by this means there would be the elimination of the wastes of competition, through avoidance of duplication and triplication of lines. and that for purposes of national defence the government would own its indispensable and strategic transportation facilities. So far as the latter is concerned, should war in the future require, the government could commandeer the railways for the time being without any disorganization of the service; and, as for the former, if the government were now earnestly desirous of eliminating competitive wastes and had the ability to withstand the pressure of influence it could refuse to sanction enterprises which would be merely the multiplication of unwarranted lines. It seems, therefore, that the vaunted advantages of government ownership shrink to very restricted proportions.

It may be that some person will, at this point, suggest the good results that have been obtained by the Temiskaming and Northern Ontario, operated by a provincial commission. It must be acknowledged that this is the best of all our government roads, for while it, like the others, has failed to earn interest on its capital cost, it has at least earned enough to meet its operating costs. The elements in its success are chiefly three in number: First, the important mineral output and the developing agricultural resources of the territory it serves; second, the character of the men who have been in charge of its affairs; and third, the comparative shortness of the road and its use as a junction of two longer through routes. The comparative success of this road contrasts strangely with the checkered career of the Intercolonial, which is about five times as long, and which has seldom made even its operating charges. But when a road is taken out of politics and left in the hands of capable men whose sole object is to serve the public we would expect different results from those secured by a road which has been in politics from its earliest days. Since, then, the Temiskaming and Northern Ontario Railway furnishes us with an instance of a government road which has had some degree of success, we are asked: Why should the Dominion not embark on a wider project, by nationalizing all the railways and placing them under the management of a non-partisan commission, composed of men of conspicuous ability, so as to obtain for the nation results which are comparable to those secured by these same men in private enterprise?

No Delegating Government Authority.

Why should not a commission composed of such men as Baron Shaughnessy, Sir William Van Horne, Mr. Chamberlin, Mr. Hanna and Sir William Mackenzie be given full control of the management of all the railways of the Dominion united under government ownership? Doubtless, excellent results could be obtained in this way if such a commission were made entirely independent of political changes and could rely upon unimpeded authority with ample and dependable appropriations. But, from what we have said above, it is manifest that our government does not delegate authority in this way and no such funds could be assured. Hampering restrictions of all kinds would embarrass the activities and nullify the plans of any such board. The same thing would be true if only the Grand Trunk system and the Mackenzie and Mann lines were joined under such a government commission.

One of the most persistent arguments in favor of government ownership is to direct attention to what has been accomplished by state-owned roads in other countries. It is a forceful and facile means of bringing conviction to some minds; but he who would form a judicious opinion upon this great problem must consider the many differences between countries, in regard to political tendencies, economic influences and prevailing individual and social ideals, before reaching a final decision. To say that because the Prussian railways have been operated with success by the state, the Canadian railways could be equally successful under state administration, is to leave out of account a great many differences between the two peoples which vitally affect the result. Some are pointing

to Australia as a country closely akin to ourselves, and are saying that since the government in that country is successful in operating the railways it is giving an entirely erroneous opinion to say that government railways in this country would not be equally efficient.

Perhaps it will not be amiss here to quote the words of Mr. Acworth, the most eminent English authority, who has had a place upon our Canadian Board of Inquiry, who recently said, concerning the English railways: "Now, I am no foe of government railways. On the contrary, I believe that in countries with a population less self-reliant than our own, such a policy is necessary. In a country with a bureaucracy as well-trained and as well-organized as that of Prussia, it may even be desirable. Nay, more, I am not concerned to deny that even here state purchase might do something to bring up the worst railway services more nearly to the level of the best. But a careful study of the evidence has convinced me that in the long run state control ends in keeping down the best to the level of the worst, and that, taking them all for all, the private railway companies of England and the United States have served the public better than the gavernment railways of the Continent, or of our Australian colonies, and, which is still more to the point, are likely to serve it better in the future."

There seem to be good reasons, one may almost say overwhelmingly good reasons, for adherence to the principle, which has proved so effective hitherto, of private ownership of the facilities.

Enough has been said regarding the general features of these two methods of administration. What are the remedies for our existing difficulties?

Chief Trouble is Financial.

It will be conceded that the chief trouble in connection with the railway problem is financial, and that when considering this problem exception must be made of the Canadian Pacific Railway Company, which is one of the strongest railway corporations of the world. The immediate issue comes in regard to the Grand Trunk Pacific in its relations with the National Transcontinental and to the Canadian Northern Railway. Both of these concerns have recently been before parliament seeking assistance to enable them to pay their fixed charges; it is, therefore, clear that their revenues are insufficient to meet all necessary expenditures of roads that are endeavoring to keep pace with the demands of a growing country. Two possible courses are suggested as alternatives in the present temporary emergency: either increase the amount of revenues by an increased volume of traffic or by increased rates, or else reduce the expenses of operation so as to make expenditures correspond with revenues. The former plan seems impracticable for until these railways can get additional funds they cannot construct branch lines and feeders that will provide increased traffic and revenues; nor would increased rates tend to develop traffic and cause enlarged revenues. The only other course, therefore, which is open to them is to devise some plan by which these lines can reduce their working expenses.

As has recently been pointed out by Engineer W. F. Tye, of Montreal, in a paper read before the Canadian Society of Civil Engineers, the Grand Trunk system has a great network of paying lines in the east but only one long through line with almost no important branch lines as feeders in the far west. On the other hand, the Canadian Northern system has a network of branches in the west but is deficient in the east. His plan, therefore, was to consolidate the Grand Trunk system (including the Grand Trunk Pacific), the Canadian Northern system and the National Transcontinental under a new company to be formed. In this way there would be the formation of one consolidated company, to which each of these systems would contribute its elements of strength; each would supplement the other where it was weak; and in the combination of the assets of these various companies there would be the elimination of destructive competition and the working together of all for the national welfare. His plan is admirably delineated and is an important contribution to a vexing question.

I am convinced that the holding company is by far the better solution of the perplexity. I am heartily in accord with Mr. Tye in urging the desirability of the government's owning a certain proportion of the stock of the controlling company, say, 35 or 40 per cent., but it seems to me that instead of a complete fusion of all these companies for permanent operation, equally good results can be accomplished in a more economical manner by the holding company.

The holding company would pay for the stock acquired by the issuance of its own securities. The result would be a single company, the assets of which would be the securities of the other three companies, and the liabilities would be the amount of its own securities issued in payment for its assets. In this way, the existing corporations would be left in full possession of their corporate faculties and exercising all of their lawful corporate activities; but the affairs of all three would be placed under the permanent direction of the company owning the controlling interest in each, and thus there would be harmonious action on the part of all. That is, a new company would be chartered by the Dominion government with authority to hold the securities of other companies; this company would proceed to acquire a controlling interest in the stock of the Grand Trunk system, the Canadian Northern system and the National Transcontinental, and in this way competition among these companies would be prevented.

Offer to Exchange Securities.

What advantages would be secured by this form of organization, and why should we advocate this method of bringing these three concerns together? If an effort were made to bring these companies into a consolidation, it might be nullified by the refusal of certain stockholders to give up the separate existence of their companies; but by this method the separate companies would be maintained as operating units in the same capacity as they are to-day. The holding company need only secure in the open market or by private bargaining a controlling amount of the stock of each constituent. This negotiation may take the form of an offer to exchange the securities of the holding company for those of the operating company. It seems fairly certain that if the stockholders of the three companies that are now separate were shown the advantages to be obtained through such an alliance there would be no trouble in inducing their acceptance of the plan.

In financing the transaction there would be no necessity of getting together a vast amount of new capital. All that is required in the purchase of such stocks is to exchange the securities of the holding company for them, and as a bare majority, say, 51 per cent., of the stock is usually enough to control the corporations, the amount of capital required would be reduced to a minimum. If the details of the plan of operation are carried through in such a way as to show that the stock or bonds of the holding company will have a greater value than the corre-

sponding securities of the existing companies, there would be no difficulty in securing the consent of the present security holders to exchange their holdings for the capital obligations of the holding company. In this respect the holding company has the pre-eminence over any consolidation, for in order to effect a complete consolidation of these three railway aggregations an enormous amount of capital would have to be obtained to buy up all the assets of each company; and no good purpose is to be served through consolidation that cannot be secured with much greater facility and with a small amount of capital by the method I have outlined. The economy in the use of capital and in concentration of its control is the greatest advantage which we can mention in connection with this proposal; and it is with regret that we cannot go into it more fully.

Funds Easier to Get.

The holding company would also be of decided value to the existing three companies over which it would exercise control. At the present time two of these companies are finding great difficulty in getting funds with which to carry on and enlarge their undertakings. But with a holding company at the top of the organization this would be rendered much easier. The two companies may not now have sufficient assets to mortgage as the basis of additional borowings; but the holding company could take the securities of these companies and use them as the basis of large issues of collateral trust bonds which would command a ready sale in the market. In this way the holding company could turn back funds into the treasury of each of the subsidiaries when the latter would be unable independently to borrow in the money market. The necessity of the Grand Trunk Pacific and the Great Northern Railway Companies to come to parliament for assistance would be greatly reduced and in a short time entirely avoided by having them joined under such control.

By having this unified central management, while preserving to the constituent organizations most of their individuality and initiative, and by having the finances of the aggregation managed with the utmost economy and the largest results, the country would be given the most efficient service at the least cost.

A Gigantic Monopoly?

It may be said that this opens the way for a gigantic railway monopoly; and it seems to be assumed by many that anything which tends to overthrow competition and deprive us of its regulative influence must be only baneful in its results. The fact is that competition has already ceased so far as the making of rates is concerned; and well is it for the country that this has been accomplished. The railway enterprise is essentially monopolistic and the sooner we can recognize this and get our regulative machinery adjusted to it the better it will be for all interests. My own opinion, formed after prolonged and careful study of the problems of transportation, is that all the railways of the country should be grouped under centralized control. But until that can be effected, and as a step preliminary to it, I make the foregoing proposal as the best way out of the existing dilemma. It will avoid the concomitant evils of government ownership and will give the greatest measure of benefits to all interests. I trust that what I have given in brief outline will induce others to see many accessory advantages from the scheme proposed and may form a nucleus around which to crystallize some effective thinking concerning this great issue.

AMERICAN BANKERS' ACCEPTANCES

Market for Them is Being Developed—Federal Reserve Board's Encouragement

The progress made during the past year in developing a market for American bankers' acceptances, which now enjoy a high standing in the world's financial centres, is a source of satisfaction to the United States Federal Reserve Board. American banking facilities are now being used in Europe, South and Central America and in Asia. The number of banks, trust companies and private bankers engaging in this business has increased materially, and the advantages of American bankers' acceptances, payable in dollars, are now better understood both at home and abroad. The annual report of the board notes that a very satisfactory beginning has thus been made, but points out it should be borne in mind that it is only a beginning, though a promising one, and that the scope of this new function of American banking must be greatly extended before it will be commensurate with the country's financial resources.

To Assist Acceptance Business.

During its last session Congress enacted into law two amendments suggested by the board which are destined to assist in the growth and development of the acceptance business. One of these permits national banks to accept to the extent of 50 per cent. of their capital and surplus in certain domestic transactions, and the other allows national banks to accept bankers' drafts originating in countries where the 90-day bill is the customary means of remittance for foreign purchases. The member banks have already availed themselves quite freely of these new powers granted by Congress. The domestic acceptance doubtless will become an important factor in equalizing rates and should prove of especial value during crop-moving periods, when the lowest rates for bankers' acceptances prevailing in any of the districts will become available for acceptances drawn against commodities in those districts where, owing to seasonal demands, rates naturally would have a tendency to be higher.

It has been the desire of the board, as shown by its regulations and by its approval of low rates, to assist in the development of these various branches of the acceptance business as far as possible. The board has, however, consistently pursued a policy of protecting the acceptance market and the Federal Reserve banks from the possibility of an overgrowth of acceptances which, while technically within the law, might, owing to their intrinsic character and to agreements providing for a renewal of the credits over a considerable period, tend to obscure evidence of the commercial basis of the underlying transaction. The board realizes, however, that if the banking business—and particularly international banking business—is to develop freely it should not be unduly hampered by inflexible rules, and that there must be some latitude and discretion left to the banks in their dealings. But the board nevertheless deems it its duty to take care that acceptance transactions not founded upon a normal commercial basis should be kept within limits, in order that ordinary commercial business may not be affected by an increase in rates which might result from an over-extension of the credit facilities of the kind just described. During the past two years American banks and bankers have become accustomed to acting as acceptors, and the board hopes that the coming year will witness marked progress in acquainting country banks particularly with the merits of commercial acceptances as banking investments.

Liquid Paper v. Loans.

The Federal Reserve act is based essentially upon the principle that liquid paper rather than loans secured by stock-exchange collateral, or "merely investments," should be the principal asset of the member banks when considered collectively; that the acceptance market rather than the call loan market, and rediscounts with Federal Reserve banks rather than loans placed through banks in reserve and central reserve cities, should be made the means through which the average bank can supply its current requirements. In the development of a free and healthy acceptance market, it is desirable that acceptors should abandon the practice of discounting, as a matter of regular routine, their own acceptances, and the board hopes that during the present year progress will be made along these lines.

Railway Enquiry Commission's Report

CONCLUSIONS and Recommendations of the Majority Report—Financial Position of the Grand Trunk and Canadian Northern Railways Analysed—Discussion of Various Suggested Solutions of the Railroad Problem — Outline of the Proposed Dominion Railway Company.

SIR Henry L. Drayton and Mr. W. M. Acworth, two of the three members of the Royal Commission to Inquire into Railways and Transportation, have submitted to parliment a majority report advocating that the government take over the Grand Trunk, Grand Trunk Pacific and Canadian Northern Railways and transfer them to a board of five trustees who shall operate them independently of the government. They also recommend that the Transcontinental, Intercolonial and Prince Edward Island Railways should be transferred to the trustees. The Dominion Railway Company, which is the name under which the trustees would probably operate, would control twenty thousand miles of railways, and would be the largest system in the world not state-operated, and second only to the government-operated German system.

Mr. Alfred Smith, president of the New York Central Lines, who is the third member of the commission and its chairman, submits a minor report dissenting from many of the views of his colleagues and advising the government to leave the railroads in private hands and to continue financial assistance from time to time as required. He states, however, that the systems should not be left as they are, but recommends the transfer to the Grand Trunk of all the Canadian Northern's eastern lines and the transfer to the Canadian Northern of all the Grand Trunk's western lines, including the Grand Trunk Pacific and its branches.

The majority report is a printed document of ninety pages, 6½ ins. x 9¾ ins., regulation government blue-book size and style, and is accompanied by two appendices,—one twelve pages long reviewing the evidence heard by the commission in its examination of Mr. E. J. Chamberlin, of the G.T.R., at Montreal on February 24th, 1917; the other, occupying seventy-four pages, presenting Prof. Swain's report on physical valuations. The minority report requires only fifteen pages, presenting no statistics and being largely commentary upon the majority report.

In addition to a short introduction and to a summary of conclusions and recommendations, the majority report is divided into six main parts.

Part I. deals with Canadian railways in general, giving mileage, capital and state aid, apportionment of mileage, gross and net revenue, investment in road and equipment, return on capital, government aid in general, government aid to Canadian Northern, government aid to

Table Indicating Prospects of the Proposed Railroad Merger

FROM REPORTS TO DEPARTMENT OF RAILWAYS AND CANALS, JUNE 30, 1916 (EXCEPT G.T.P. BRANCH LINES)

—	Can. Northern	Grand Trunk	Grand Trunk Pacific	G.T P. Branch Lines	Intercolonial	Transcontin'nt'l	Total
	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
Operating revenues...	35,476,275 06	39,155,040 10	6,963,188 88	1,319,599 16	15,686,661 91	5,798,516 09	104,399,281 20
Operating expenses ..	25,244,186 12	28,782,012 69	5,902,843 30	1,370,133 51	13,323,183 16	5,360,061 58	79,991,420 36
Net operating revenue	10,232,088 94	10,373,027 41	1,060,345 58	Loss 50,534 35	2,363,478 75	429,454 51	24,407,860 84
Outside operations ...	....	....	10,588 55	....	....	....	10,558 55
Taxes...	741,508 11	853,596 39	....	....	....	....	1,595,104 50
Operating income	9,490,580 83	9,519,431 02	1,070,904 13	Loss 50,534 35	2,363,478 75	429,454 51	22,823,314 89
Other income	.. ..	3,634,123 65	....	....	....	37,680 84	3,671,804 49
Gross income	9,490,580 83	13,153,554 67	1,070,904 13	Loss 50,534 35	2,363,478 75	466,135 35	26,495,119 38
Interest on funded debt	9,885,153 14	7,644,631 07	....	....	....	....	17,529,784 21
Other charges........	506,010 29	2,415,539 70	....	....	167,214 29	808,750 86	3,897,515 14
Dividends	....	†2,433,333 33	....	....	....	....	2.433,333 33
Total income deduct'ns	10,391,163 43	12,493,504 10	....	....	167,214 29	808,750 86	23,860,632 68
Surplus & loss for year	Loss 900,582 60	660,050 57	*1,070,904 13	Loss 50,534 35	2,196,264 46	Loss 342,615 51	Surplus— 2,633,486 70
Profit and loss items..	267,885 85	....	....	....	....	.. ..	Deduct— 267,885 85
							Surplus— 2,365,600 85
Add Interest to be provided for...........	5,445,389 56	....	6,668,084 04	538,760 16	....	....	12,652,233 76
Add Estimated loss, Prince Edward Island Railway......	....	....	....	....	....	....	250,000 00
Total Deficiency	... .	....	....	....	....	....	10.536,632 91

*Before charges. †Div. on guaranteed stock.

Canadian Pacific, government aid to Grand Trunk, government aid to Grand Trunk Pacific, total public investment, proportion of public investment, and historical development and growth of Canadian railways.

Part II. deals with the Grand Trunk System, the chapter headings being: G.T.P. Finance, Grand Trunk Liability for G.T.P., Grand Trunk Co.'s Proposal, Grand Trunk Case, Inception of the National Transcontinental, Letter from the President of the Grand Trunk, Hearing of Grand Trunk Officials at Montreal, G.T.P. Case, Commission's Conclusions, Parent Grand Trunk Co., Grand Trunk Maintenance Expenditure, Grand Trunk Capital Expenditure Required, Effect on Canadian Business, and Commission's Recommendation.

Majority Report Divided Into Six Main Parts.

The Canadian Northern System is fully dealt with in Part III., which reviews the C.N.R. position in 1914, the annual report for 1916, C.N.R. estimates for 1914 and 1917, comparison with Canadian Pacific, prospective requirements of C.N.R., value of Canadian Northern undertaking (1. cash investment; 2, physical basis; 3, going concern), and conclusions as to Canadian Northern.

Possible methods of public control are reviewed in Part IV. of the report and government operation is discussed and rejected. An obstacle created by the Canadian Pacific position is discussed. Receivership is considered but rejected and transfer to a new body is recommended. Suggested transfer of all railways to the Canadian Pacific or of a whole or portion of the C.N.R. to Canadian Pacific is discussed and rejected. The possibility of forming a commercial company along the lines either of the Mexican precedent or the New York Subway precedent is considered but not favorably. "Canadian Railways Should Be Under Canadian Control," is the title of the last chapter of this part.

The longest portion of the report is Part V., outlining the Dominion Railway Co. The headings of the chapters in this part of the report are as follows:—

Dominion Railway Organization Recommended.

Government Operation Not Recommended, Recommendation of Independent Board of Trustees, Constitution of Board and Tenure of Office, Board to be Non-Political, Board to be Permanent and Self-Perpetuating (including a review of Australian experience), Railways Not a Proper Subject for Direct Parliamentary Control, Growth of Extra-Parliamentary Functions of the State, Private Interests and Public Interests, Control of Dominion Railway by Railway Commission, Relation Between Trustees and their Employees, Incorporation of the Dominion Railway Co., Transfer of Stock to Trustees, Transfer of Railways to Trustees, Canadian Northern Shareholders, Charges of Misappropriation Unfounded, Canadian Northern Successes and Failures, Arbitration Recommended, Grand Trunk Shareholders, Terms of Purchase Recommended, Real Value of Grand Trunk Property, Intercolonial and National Transcontinental, Transfer of National Transcontinental Recommended, Transfer of Intercolonial Recommended (1, in the local interest; 2, in the general interest; 3, in the interest of good management), Minor Recommendations, Legal Position of Trustees, Operation of Dominion Railway Co., Finance of Dominion Railway Co., Operation to be on a Commercial Basis, Wide Powers to be Given to Trustees, Financial Responsibility of Government, Prospects of Dominion Railway, and Specimen Economies Resulting from Combination.

The sixth and last portion of the report touches briefly upon a wide variety of subjects kindred to the main investigation. It advocates railway commission control of the Dominion Railway Co., and suggests that the commission's jurisdiction be enlarged to report on new charters and on subsidies and guarantees. Overlapping of Dominion and Provincial control is condemned. It is recommended that a running audit be made of the Dominion Railway accounts and that the accounts be published in clear form, so that the taxpayers will know exactly where the government stands.

Railway councils similar to those held under the German system are recommended for future organization. Railways in excess of existing requirements are discussed. Attention is called to the necessity of improvement of highways as feeders to the railways. The Hudson Bay Railway is discussed and practically condemned. The commission were asked to report on steamship connections, but have not touched upon this subject on account of the very short time at their disposal and the complete revolution in the shipping trade caused by the war. The public is warned that the tendency of railway rates is to rise rather than fall. The report ends with a strong plea for immediate action.

The following are the conclusions and recommendations contained in the report as officially summarized by Sir H. L. Drayton and Mr. Acworth:—

Summary of the Drayton-Acworth Conclusions and Recommendations

1. The mileage of Canadian railways is very great in proportion to the population of the country. It has increased out of proportion to the increase of population.

2. Canada's natural waterways make railways less absolutely necessary than in other countries.

3. The net return is so low as to prove that more railways have been built than can be justified on commercial grounds under present conditions.

4. The public investment in railways is very large. The total amount of public capital involved in direct construction of Government lines, and cash aid, land grants and guarantees to private companies, is $968,451,000, not counting the value of lands still unsold.

5. Public aid to the principal companies, including subsidies, land grants, and guarantees, amounts to over $680,000,000. In the case of the Grand Trunk Pacific it amounts to nearly two-thirds of the total investment; in the case of the Canadian Northern to over three-quarters.

6. There have been three phases of company development: (1) Unaided enterprise, (2) assistance by subsidies and land grants, (3) assistance by guarantees. A guarantee policy is dangerous and its wisdom questionable.

7. The development of Canada justified two transcontinental lines. It did not justify three. The Grand Trunk and Canadian Northern should have been amalgamated.

8. The Grand Trunk Pacific system has cost nearly $200,000,000. The interest charges amount to over $8,800,000 per annum. The net income last year was $826,653. The liability of the Grand Trunk Company for interest amounts to over $5,000,000 per annum at present, and will rise to over $7,000,000 in 1923.

9. We cannot recommend that the Grand Trunk Company be unconditionally released from their liability. The responsibility for the National Transcontinental line

rests mainly with the Government, but that for the Grand Trunk Pacific proper belongs primarily to the Grand Trunk. The Government has voluntarily relieved the Grand Trunk of all responsibility for the National Transcontinental. In respect to the Grand Trunk Pacific proper the Government is fully entitled, morally as well as legally, to call upon the Grand Trunk Company to fulfil its contract.

10. The Grand Trunk Company proper has made unjustifiable charges to capital. Its lines have not been adequately maintained. More than $21,000,000, which ought to have been spent on maintenance in past years, has not been spent. New capital expenditure of over $30,000,000 is immediately required. The country is suffering from the company's inability to give adequate service. The Grand Trunk Railway ought to be managed in Canada, and not from London.

11. We recommend that the control both of the Grand Trunk Pacific and of the Grand Trunk be assumed by the people of Canada on terms hereafter set out.

12. The Canadian Northern has been financed mainly by the issue of guaranteed securities. Till 1914 it met the interest from its own resources. Since that date the Government has assumed very heavy obligations on behalf of the company. There is little prospect that the company would be able in the near future to relieve the Government of these obligations.

13. The company's estimate of its future capital requirements is too low; and its estimates of probable growth of earnings have been and still are unduly sanguine.

14. We estimate that as a separate undertaking it would require fully $70,000,000 of new capital within the next five years.

15. We do not recommend that further public aid be given to the Canadian Northern as at present constituted.

16. The Canadian Northern common stock represents no cash investment, and has no present value, either on the basis of the cost of reproduction of the property or on the basis of its earning power.

17. We recommend that the public take control of the Canadian Northern Company on terms hereafter set out.

18. On the assumption that the people of Canada take control of the Grand Trunk, Grand Trunk Pacific and Canadian Northern, we consider possible methods of management and operation.

19. We do not consider that operation by a minister directly responsible to Parliament would be in the public interest. It would not secure better service or lower rates.

20. If the Government operated these three railways, it would be bound in fairness to the Canadian Pacific shareholders to take over their railway also. The Canadian Pacific gives good service and should not be interfered with.

21. Special objections to direct Government ownership and operation are:—

(1) That Canadian railways operate more than seven thousand miles of line subject to the foreign jurisdiction of the United States;

(2) That the Canadian Government resources are required for war purposes.

22. We, therefore, reject the idea of direct Government ownership and operation.

23. We do not recommend that the Grand Trunk, Grand Trunk Pacific and Canadian Northern Companies be allowed to go into the hands of a receiver.

24. We recommend that the control of these three companies be transferred to a new body.

25. We have discussed and rejected the following suggestions:—

Transfer of all three railways to the Canadian Pacific.

Transfer of the Canadian Northern or a portion of it to the Canadian Pacific.

26. There is no possibility of forming a new commercial company to take over the three railways. Neither the Mexican precedent, under which the Government becomes a majority shareholder, nor the New York Subway precedent, under which the public authority shares the profits with the private shareholder, is applicable to this case.

27. Having come to the conclusion that direct ownership and operation by the Government is to be avoided, and that ownership and operation by a commercial company is not possible, we recommend that a new public authority, a Board of Trustees, be incorporated by Act of Parliament as the "Dominion Railway Company"; and that the Canadian Northern, Grand Trunk and Grand Trunk Pacific be transferred to this body.

28. We recommend that the Government assume responsibility to the Dominion Railway Company for the interest on the existing securities of the transferred companies.

29. We recommend that the Intercolonial and National Transcontinental be also transferred to the Dominion Railway Company for reasons which we give hereafter.

30. We recommend that the whole of the Dominion Railways be operated by the Trustees as one united system, on a commercial basis, under their own politically undisturbed management, on account of, and for the benefit of, the people of Canada.

31. We recommend that there be five Trustees, three railway members, one member selected on the ground of business and financial experience, and one as specially possessing the confidence of railway employees; that the original Trustees be named in the Act constituting the Board; and that their tenure of office be substantially the same as that of judges of the Supreme Court.

32. We recommend that the original Trustees retire after three, four, five, six, seven years, respectively, according to a prescribed scheme; that they be eligible for reappointment; and that all appointments subsequent to the original statutory appointments be by the Governor-General-in-Council on the nomination of the Trustees themselves.

33. We lay stress on the importance of the Board being non-political, permanent, and self-perpetuating; and in this connection point to the experience of the Australian State Railways.

34. We give reasons for concluding that railways are not a proper subject for direct parliamentary control. We point to a general tendency in modern democracies to withdraw certain subjects from this control. And we show that under parliamentary control the general interest of the whole community tends to be subordinated to the particular local and individual interests.

35. We recommend that the authority of the Railway Commission be extended to include the Dominion Railway Company's system.

36. We give the reasons for our recommendation that one of the Trustees shall be appointed on the ground of his possessing the confidence of the railway employees.

37. We recommend the transfer to the Trustees of the common stocks of the Canadian Northern, Grand Trunk and Grand Trunk Pacific, subject to certain conditions and reservations made hereafter.

38. We recommend the transfer to the Trustees of the Intercolonial and National Transcontinental Railways for reasons which we give hereafter.

39. We deal with the question of the compensation to Canadian Northern shareholders. We find the charge that Messrs. Mackenzie and Mann have misappropriated public moneys unfounded. We find that the Canadian Northern shareholders possess a system of which the lines are well located and economically constructed, and that they have raised the necessary money with considerable financial skill and at moderate rates of interest, but that they erred in unwisely duplicating lines and reaching out into unremunerative territory.

40. We recommend that the question be considered whether Canadian Northern shareholders shall be permitted to retain a moderate proportion of the $60,000,000 shares which they now hold; that the precise proportion, if any, and the relation of that proportion to their share of any future profits of the Dominion Railway Company, be fixed by arbitration.

41. We recommend that the entire share capital of the Grand Trunk, guaranteed, preference and ordinary, be surrendered to the Trustees in exchange for an annuity based on a moderate but substantial proportion of $3,600,000, the average sum paid as dividend in the last ten years; and that this annuity should increase by 40 or 50 per cent. after the first seven years.

42. We recommend that the precise figure be fixed by agreement, and that it be left to the directors of the Grand Trunk Company (1) to apportion the annuity among the five classes of Grand Trunk shareholders, and (2) to procure such assents of their shareholders as are legally required to complete the transfer.

43. We give reasons for considering that this recommendation is generous to the Grand Trunk shareholders, and why the shareholders in their own interest will do well to accept it.

44. We recommend the transfer to the Trustees of the National Transcontinental, in order that it may take the place it was built to take as part of a great inter-ocean highway, and because its financial position would be hopeless if it terminated in a dead end at Winnipeg.

45. We recommend the transfer of the Intercolonial: (1) In the interest of the Maritime Provinces, to whom the Intercolonial at present can only give a local service with no adequate terminals beyond Montreal; (2) in the interest of the taxpayer, who has a right to demand efficient and economical expenditure of his money; (3) in the interest of the railway staff, who will secure the wider opportunities of a great system.

46. We recommend that in future the Intercolonial be required to pay local taxes on the same basis as the other railways; and that the inhabitants on the line receive statutory protection against increase of local railway rates.

47. We make recommendations as to (1) non-railway property of the transferred undertakings, (2) getting in minority holdings of shares and outstanding titles to land, (3) arrangement with the holders of Canadian Northern 5 per cent. convertible income debentures.

48. We deal with the legal position of the Trustees; and point out that the Canadian Northern, Grand Trunk and Grand Trunk Pacific companies will continue to exist; and that consequently the rights of their security holders will remain undisturbed.

49. We recommend that the Trustees take over each railway as soon as the transfer can be effected, with the purpose of ultimately operating them all as a single unified system.

50. We deal with the finances of the Dominion Railway Company and point out that the Intercolonial, with no bonded indebtedness, has a considerable net revenue, and offers security on which new capital can be raised. We recommend the creation of a general and refunding mortgage of unlimited amount, to be issued as required.

51. We recommend that the Act of Parliament provide that the operation of the company shall be on a commercial basis, and that the Trustees make no general reduction in rates until the property earns a reasonable net return.

52. We recommend that there be given to the Trustees the widest powers in the management of their property.

53. We have endeavored to estimate the annual liability of the Government to meet interest unearned during the first few years of the new scheme, and we put it at about $12,500,000 per annum. We think this amount should diminish steadily but not slowly; and that with proper economic and politically undisturbed management the attainment of a satisfactory financial result is only a question of time.

54. We give specimens of the large economies which should result from combined operation.

55. We recommend the enlargement of the functions of the Railway Commission; that it have jurisdiction over all Dominion Railways; and report to Parliament on all proposed grants of charters, subsidies, and guarantees.

56. We deal with the conflict of Dominion and Provincial jurisdictions. We recommend that, to prevent this in future, the Governor-in-Council should in certain cases disallow Provincial Acts, and that no railway company should operate under both Dominion and Provincial charters.

57. We recommend that there be a continuous public audit of the Dominion Railway accounts, and that full and comprehensive reports be made annually to Parliament.

58. We recommend the establishment of Railway Councils to bring together the railway management and representatives of public interests.

59. We point out that the existing railways are in excess of public requirements and show how much traffic is required to make a railway profitable.

60. We show that the cost of hauling grain to the station is sometimes as great as that of carriage from the station to Liverpool, and recommend that the question of highway improvement and motor haulage be taken into consideration.

61. We recommend that future expenditures on the Hudson Bay Railway be reduced to the lowest possible amount.

62. We point out that railway rates are much more likely to rise than to fall in the immediate future.

63. And finally, we lay stress on the necessity for immediate action lest Canada should suffer from railway congestion even worse than that of the past winter.

Position of Grand Trunk Railway—

From the majority report it appears that government aid to the Grand Trunk amounts to $28,145,693, and to the Grand Trunk Pacific $114,470,884, and to the Grand Trunk Pacific Branch Lines $13,469,004. This includes subsidies and other cash aids as well as guarantees on bonds, and includes all provincial and municipal aid as well as Dominion government aid.

No physical valuation was made of the Grand Trunk System proper, as with the time at the disposal of the commission it was possible to make a physical valuation only of the Canadian Northern and Grand Trunk Pacific. Besides, it was thought that no useful purpose could be served by a valuation of the Grand Trunk Railway proper, the view being taken that the G.T.R. has been in operation for such a length of time that its value is best established from its earnings. These earnings, say the commissioners, must also be greatly discounted, owing to the commitments of the G.T.R. in Grand Trunk Pacific projects, amounting to $123,280,980. The G.T.R. stands as guarantor of $97,301,252 bonds and debentures of the G.T.P., and in addition have advanced $26,179,728 in cash. The present annual liability of the Grand Trunk in connection with the G.T.P. System is considerably over five million dollars per annum and in January, 1923, it will be increased to seven million dollars. The difference is on account of the Dominion Government's obligation to pay the interest on the government-guaranteed first mortgage bonds of the mountain section of the G.T.P., amounting to $1,655,121 per annum for seven years after the completion of the road, which was officially January 1st, 1916.

The Grand Trunk Railway has not been and is not being adequately maintained, says the majority report. No depreciation fund has been created for equipment. Mr. Chamberlin's evidence is that 5 per cent. on the cost of the equipment ought to be annually charged under that heading. This item, he says, would have required an annual sum of $2,750,000. The vice-president in charge of operation, Mr. Kelley, has direct responsibility for the plant. He agreed with Mr. Chamberlin's evidence and submitted a full report on the question of deferred expenditure, as follows:—

G.T.R. Summary of Deferred Expenditures.

Rebuilding and reinforcing freight car equipment		$ 8,943,971.14
Equipping freight and passenger cars with safety appliances—		
Original estimate	$850,722.50	
Already expended	392,220.89	
Balance to be expended		458,501.61
Equipping engines with safety appliances—		
Original estimate	$ 17,828.00	
Already expended	553.68	
Balance to be expended		17,274.32
Deferred renewals in Maintenance of Way Department—		
In Canada	$6,182,672	
In United States	5,578,926	
		$11,761,598.00
Total		$21,181,345.07

Montreal, March 5, 1917.

On the single item of rails the cash expenditure required to restore normal conditions is reported as $5,312,142. The cost of restoring ballast to normal conditions is reported as $2,434,000. With reference to "deferred renewals" in Canada, amounting to over six million dollars, it appears that they have accumulated during eleven years, 1906-1916, "during which period, in spite of the requirements of the property and the claims of public safety, $36,000,000 were paid out in dividends," says the report.

$21,000,000 Needed Now for G.T.R. Maintenance.

"The twenty-one million dollars dealt with above," says the report, "represent the money which the responsible officers of the company estimate to be required to put the existing plant into good normal condition. This is a revenue liability. But the existing plant is quite inadequate for existing traffic and requires large additions, for which new capital must be raised. The estimates of necessary capital expenditures submitted to us are as follows:—

"Requirements for rolling stock, shops and machinery	$26,150,000
"Requirements for automatic block signals (main line in Canada only)	3,533,000
"Requirements for installing rock ballast crushing plant	467,500
"Total	$30,150,500

"Putting together revenue and capital expenditure, we find that the Grand Trunk Railway, in the opinion of its own officers, requires over $51,000,000 spent upon it to put it in a position to meet the requirements of its to-day's business. We see no reason to expect that under existing conditions this necessary money will be provided. The effect on the country's business of deficient railway facilities is very serious.

"The Grand Trunk Company's Board of Directors is 3,000 miles away. We cannot think that the state of affairs which our investigation has disclosed could have arisen, had the Board been on the spot. We are forced to the conclusion that the control of an important Canadian company should be in Canada. But this cannot be secured as long as the Grand Trunk Railway is owned by shareholders in England. We have come to the conclusion, therefore, that the control, not only of the Grand Trunk Pacific Company, but also of the Grand Trunk Company of Canada should be surrendered into the hands of the people of Canada. We recommend that the chairman of the Grand Trunk Company be informed, that it is only on this condition that the Government is prepared to relieve his company of the obligations which it has incurred in respect to the Grand Trunk Pacific. We recur later on in this report to these two companies, in order to set out our recommendations as to their ownership and management in the future, and as to the terms to be offered to the Grand Trunk shareholders."

Grand Trunk Pacific Liabilities.

The Grand Trunk have asked the government to be relieved of their G.T.P. liabilities and to have refunded to them all of the money which they have put into the G.T.P., claiming (1) that the government had in effect gone into partnership with the G.T.P., and that subsequently it had by subsidies and guarantees enabled the Canadian Northern to come into existence, and that this action of the government was, in view of its position as partner with the G.T.P., tantamount to bad faith; (2) that the simultaneous construction of the Canadian Northern in the same territory greatly enhanced the difficulty of obtaining labor, doubled its price and also prolonged the period of construction; (3) that a new duty on steel rails was imposed after the G.T.P. Act was passed and that this added five million dollars to the cost of construction.

G.T.R. Originated the G.T.P. Undertaking.

The majority report does not accept any of these contentions. "The government was and is a government," it says, "not a mere private partner; and it retained and retains all the attributes of a government, including the power to charter new railways. We cannot suppose that the management of the Grand Trunk were ignorant of this fact when they took the act constituting the G.T.P. Co. As to (2), this no doubt was an effect which was disadvantageous to the Grand Trunk position, but the company took this risk, as it took other business risks, when it promoted its enterprise. (3) * * * The bill for the act imposing the duty was introduced three months before the agreement between the government and the G.T.P. was signed. The company, therefore, must have been aware of the government's intention. According to the correspondence, the prime minister believed in 1905 that the question of a duty on rails had been more than once discussed at the time of the inception of the scheme; Mr. Hays, for the G.T.P., believed that it had never been discussed at all."

The evidence brought out by the commission was that the Grand Trunk Pacific scheme originated with the Grand Trunk Railway, but that the government was responsible for the construction of all of the Transcontinental east of North Bay. The proposal of the company, as originally formulated, was for a line from the Pacific to North Bay. The Eastern Division, as it was then called, from Winnipeg to North Bay, was to be built by the government, and the Western Division by the Grand Trunk Pacific. The extension of the Eastern Division was entirely due to the government, but the G.T.P. concurred in it and agreed to rent the Eastern Division upon a percentage of its cost of construction. On account of the great cost of the construction of the Transcontinental, the G.T.P. refused to carry out its agreement and the government by accepting the company's refusal and commencing to work the lines themselves in effect released the company unconditionally. The line west of Winnipeg is at present being operated under the control of the Grand Trunk, the nearest point of whose rails is at North Bay, a thousand miles away.

"Financial Management Does Not Inspire Confidence."

Mr. Chamberlin, in a letter to the commission, in effect charges the government with bad faith unless the government accedes to the demands that his company be reimbursed for all G.T.P. expenditures and be allowed to withdraw from all G.T.P. obligations. "Confiscation," "crime," "repudiation of legitimate indebtedness," are among the terms used. On the other hand, the majority report says, "The Grand Trunk Pacific shareholders, in other words the Grand Trunk Co., have not shown such prudence and business foresight as would naturally encourage the government to have confidence in their future management." And again, "The financial management of the company is not such as to inspire confidence. We do not think that the credit of the Grand Trunk Co., weakened as it must be by its Grand Trunk Pacific failure, can be so maintained as to render possible the raising of sufficient capital as required."

The total issued stock of the Grand Trunk Railway is about $240,000,000, about one-half of which is preference and one-half ordinary stock. The London Stock Exchange valuation of this nominal $240,000,000 is at the present time about seventy or seventy-five million dollars, ranging from 56 for the 4 per cent. guaranteed stock, which for the past ten years has received its dividend practically in full, down to about 10 for the ordinary stock, which has never received a dividend.

The total dividends paid in the past ten years have been $36,106,439, or an average of $3,610,643 per annum. Therefore, the stock exchange valuation practically capitalizes the dividends on a 5 per cent. basis. "This in a rapidly developing country might be reasonable, if the dividends had been earned and could be maintained, but in view of the statement of the company's own officers that $21,000,000 which ought to have been spent out of the revenue for maintenance has not been so spent, it cannot be contended that the dividends have been earned. In view of the further fact that the company has to face immediate liabilities of over $5,000,000 per annum in connection with the G.T.P., and requires a capital expenditure of $30,000,000 on its own lines to put the company in proper condition to do its existing business, it can still less be contended that the dividends are maintainable."

To prevent arrears again accumulating, future charges must be $2,500,000 a year heavier than in the past on equipment alone, according to Mr. Chamberlin's judgment. Even supposing the company could raise the new capital required and only had to pay 5 per cent. for it, the additional interest charge would mean a serious reduction of the dividend, and this on the Grand Trunk lines alone, independently of the company's liabilities in respect to the G.T.P. The G.T.R. chairman has admitted that the G.T.R. are "at the end of their tether" and that it is "quite impossible for them to meet the extra liabilities arising from the G.T.P. Co."

Position of the Canadian Northern—Eastern Lines Said to Absorb Profits

The majority report states that the Canadian Northern System has received subsidies from the Dominion and provincial governments of $38,874,148; land grants from which $16,603,295 has been realized from sales and $17,776,514 from mortgages; loans from the Dominion government amounting to $25,858,166; and securities guaranteed by the Dominion and provincial governments to the amount of $199,141,140; or a total of public assistance, direct and indirect, of $298,253,263.

In 1914, with heavy interest payments to be made, and large construction contracts still open, the company found its resources insufficient to complete and equip its system. It estimated that it could raise on its own account $58,000,000, and appealed to the government to find the balance. An issue of $45,000,000, guaranteed by the government, yielded in cash $36,759,265, and the system was unable to sell many of the securities which it depended upon for the $58,000,000, so in May, 1916, the Canadian Northern obtained from the government a further loan of $15,000,000, and in addition the government undertook to lend the company the money necessary to pay interest either to the government itself or to the public on the $45,000,000 issue, and to date $1,756,000 has been advanced for this purpose.

According to the estimate submitted by the company, the fixed charges for the year ending June 30, 1917, will be $16,539,638, but the Dominion and British Columbia governments have undertaken to pay $4,514,507 under certain agreements. "This leaves the company to find out of net revenue about $2,500,000 more than it had available this year. An income of $2,500,000 net implies an increase of at least $9,000,000 gross, and the company itself does not venture to expect a greater increase of gross than $7,000,000.

"The above agreements to pay interest are only for two and three years respectively. The company's estimate for the year ending June 30th, 1921, is that they will then have fixed charges amounting to $18,300,000, and this burden they will have to bear unaided. (This includes interest on $2,250,000 on the new capital estimated by the company as necessary to be spent in the five years. This estimate we regard as quite inadequate.) To carry it they would need a gross revenue of $61,000,000, assuming working expenses at the moderate ratio of 70 per cent. We cannot think it safe to assume that such a result will be easy to attain.

"The Canadian Northern Railway have taken and still continue to take an unjustifiable sanguine view of its possibilities. In 1914, when the company was applying to parliament for debentures, it submitted estimates for the years 1916-18, on what was described as a very conservative basis. The estimate for gross earnings for 1916 was $54,000,000, with net earnings of $15,120,000. The fact has been that the gross earnings have been $35,476,000 and net earnings $9,373,000.

C.N.R. and Bonded Indebtedness.

"A further fact has been that for the year ending June 30th, 1916, interest upon $25,000,000 income debenture stock was passed, interest was charged against capital to the amount of $5,445,389, and the company was still $248,000 short of the money required to meet its bonded indebtedness.

"The company submitted an estimate to us for the five years, 1917-21. The estimate submitted to parliament for the year ending June 30th, 1917, was, gross earnings $61,000,000, net $17,700,000. The revised estimate submitted to us by the company is, gross $42,590,000, net $11,500,000. The estimate submitted to parliament for the year June 30th, 1918, was, gross $67,000,000, net $20,100,000. The revised estimate now submitted to us by the company is, gross $48,185,000, net $13,395,000.

"We think the new estimate made for us, even though more conservative than the former, is still too sanguine. We see no reason to think that the traffic will increase to any such figure as that indicated.

"We think that $40,000,000 for equipment, and perhaps $30,000,000 for additions and betterments, would be a moderate estimate of the system's needs in the next five years, assuming that the system remains separate and independent.

"We sum up the Canadian Northern situation as follows: The company is not at present able, and will not for some years to come be able, to meet its fixed charges. It will, we doubt not, increase its net earnings as the years go by. But the increased net earnings will be fully absorbed for some years to come by the interest on new capital, which must be put in, if the system is to render efficient service. The company has not now, and as far as we can see will not have in the near future, such credit as to enable it to raise the necessary capital. As we have already shown, the public investment, direct and indirect, in the Canadian Northern system amounts to $298,000,000. We do not recommend further public investment in the system, as at present constituted."

The property investment of the Canadian Northern Railway as stated in the balance sheet of June 30th, 1916, is $494,112,489. This figure has admittedly been written up to include $100,000,000 of capital stock issued without any cash consideration. "We find $37,000,000 to be maximum possible cost of the Canadian Northern system as at present existing."

Professor Swain's physical valuation of the system shows a total reproduction cost of $397,441,567. From this he deducts for depreciation $40,031,889, making the cost of the reproduction of the property in its present condition, $357,409,678. This, however, does not include equipment to the value of $56,590,418 (pre-war prices). Depreciation of equipment to the extent of $11,250,433 makes the present value $45,339,985.

C.N.R. Liabilities Equal to Its Assets?

"Putting the two valuations together, we have $402,749,663 as a fair cost of reproducing the entire physical Canadian Northern system in its present condition. Now the outstanding liabilities (bonds, debentures, notes and bank and other loans) of the company exceed $400,000,000.

"Reckoning on this basis, the liabilities are practically equal to the reproduction cost of the physical property. But the physical property does not all belong to the Canadian Northern shareholders. There are minority holdings in some of the subsidiary undertakings which imply a reduction of more than $10,000,000 in assets belonging to the Canadian Northern shareholders.

"We find, then, that on the physical basis, the value of the property of the Canadian Northern shareholders is distinctly less than the amount of the liabilities against it. On this basis the equity of the shareholders must be regarded as non-existent.

"A third basis of estimate is the value of the property for sale as a going concern. A purchaser would not consider either original cost or reproduction cost as of much importance. The price he would pay would be based on earning power, present and potential. On this basis he would consider how far the Canadian Northern is at present short of covering its fixed charges, how long it will take to reach equilibrium, how much new capital will have to be spent, how soon a dividend may be expected and at what rate. Calculating on this basis, in the light of the figures set out above, it is evident that no purchaser would offer for the property a sum amounting to the total of its liabilities.

Conclusions Regarding the Canadian Northern.

"We conclude, therefore, that the shareholders of the company have no equity either on the ground of cash put in, or on the ground of physical reproduction cost, or on the ground of the saleable value of their property as a going concern. If, then, the people of Canada have already found, or assumed responsibility for, the bulk of the capital; if they must needs find what further capital is required; and if they must make up for some years to come considerable deficits in net earnings, it seems logically to follow that the people of Canada should assume control of the property. We return later to the Canadian Northern Company in order to set out our recommendations as to its ownership and management in the future and as to the terms to be offered to the existing shareholders."

The majority report finds that the charges of misappropriation by Mackenzie, Mann & Co. are unfounded. The sworn evidence of Canadian Northern officials shows that neither the Mackenzie, Mann Co., nor Sir Wm. Mackenzie nor Sir Donald Mann, personally, ever received a dollar from the Canadian Northern system, either as profit on contract undertakings or even as salary.

"Neither one of them have ever been a Canadian Northern voucher to the extent of one dollar," swore Mr. Hanna, the vice-president of the company. The percentage of profit which would be taken by any contractor was taken by the Mackenzie, Mann Co. entirely in common stock of the Canadian Northern Railway, and that stock represents the only profit made on all the contract work done by them on the Canadian Northern Railway. The report also finds that the road was skilfully financed and carefully and economically constructed, but that the profitable sections in the prairie provinces could not carry the unprofitable eastern extensions.

To Arbitrate Equity of C.N.R. Shareholders.

"Under the scheme we propose, the trustees will operate the Canadian Northern lines as part of a combined system. It will be impossible, therefore, for the Canadian Northern Company, as such, ever to earn a dividend on its separate stock. We suggest that, if it is decided to permit the present shareholders to retain a portion of their holding, the Act of Parliament constituting the Board of Trustees shall contain a provision for arbitration between the trustees and the Canadian Northern Company and establishing an arbitration board to act forthwith. The trustees should appoint one arbitrator and the Canadian Northern shareholders the other, and the two arbitrators should agree on the appointment of an umpire; failing agreement, an umpire should be appointed by the Chief Justice of the Exchequer Court; and the decision of the board should be final.

"The arbitrators should be empowered to decide two questions: (1) what proportion of the Canadian Northern common stock may fairly remain the property of the present holders; (2) What proportion of the earnings of the Dominion Railway Company may fairly be regarded as attributable to the Canadian Northern lines.

Must Irrevocably Deed C.N.R. to Trustees.

"To illustrate our meaning, we will assume that the arbitrators decide that 5 per cent. of the Canadian Northern shares shall remain the property of the existing holders, and further decide that one-half of the total earnings of the Dominion Railway Company will be fairly attributable to the Canadian Northern lines. Then their decision will mean that, out of any dividend declared in future by the Dominion Railway Company, 2½ per cent. (one-half of 5 per cent.) will be payable to the existing Canadian Northern shareholders or their transferees. We think the arbitrators should fix this resulting percentage once for all. It should be made a condition of the settlement that the minority shareholders of the Canadian Northern should by deed irrevocably appoint the trustees as their proxy to vote their shares. Care will of course be taken to provide that the Arbitration Board shall have regard only to the Canadian Northern lines, as they exist at the date of the passing of the Act, and that any subsequent increase of revenue due to the expenditure of additional public money shall be excluded from consideration."

Various Suggested Solutions of the Problem Are Discussed

The majority report recommends that the control of the Grand Trunk, Grand Trunk Pacific and Canadian Northern be assumed by the people of Canada. In considering how this control should be exercised, government operation was discussed and rejected for several reasons.

The opinion of the commissioners was that a receivership would be unfair to the security-holders of the companies who have a certain moral claim on the government, and would also injure the credit of Canada.

"We have recommended, then," says the report, "that the control of the three companies, Canadian Northern, Grand Trunk, and Grand Trunk Pacific pass into other hands; that the rights of the creditors of all three companies be preserved intact; but that the railways of the three companies be not handed over to, or operated by, the government. It is necessary, therefore, to find some new body or bodies to whom they can be transferred. We think the question, whether there should be one body or more, is answered by the facts that we have already recited. The Canadian Northern is weak in the East. The Grand Trunk, with the inadequate prairie branches of the Grand Trunk Pacific, would be almost powerless to compete in the West with the Canadian Northern and the Canadian Pacific. The natural tendency of the Grand Trunk and Canadian Northern organizations, if left separate, would be for each to invade the territory of the other. Remaining separate, the Canadian Northern system would need to spend many millions of dollars to obtain an adequate hold on the East in competition with the Canadian Pacific and Grand Trunk. Remaining separate, the Grand Trunk and Grand Trunk Pacific system would need to spend many millions of dollars on new branches in the West, in order to hold its own with the Canadian Pacific and the Canadian Northern. And this money would be needed at once, for till it was spent neither organization would possess a complete system. Canada cannot afford all these new railways, and does not need three competitive systems. We recommend, therefore, that the three undertakings, the Canadian Northern, the Grand Trunk, and the Grand Trunk Pacific be united in one system. To whom, then, should its management be entrusted?"

The commissioners answer this question by advocating the formation of the Dominion Railway Co., the proposed organization of which is later explained.

C.P.R. or Any Monopoly Not Desirable.

The suggested transfer of all the railways to the Canadian Pacific is rejected on the grounds that a railway monopoly is not desirable either in the hands of a company or in the hands of the state.

The suggested transfer of the Canadian Northern to the Canadian Pacific is rejected because it would re-establish what would be a practical monopoly in the Prairie Provinces and would leave the country to carry the burden of the G.T.P., which has little hope of prosperous development if isolated. The suggestion that the C.P.R. be invited to take over only the western portion of the C.N.R. was also rejected as being of even less advantage than if they were to take over the whole road, as it has the added disadvantage of leaving the country to carry the burden of the unprofitable eastern lines.

The possibility of forming a commercial company was discussed and the report merely states, "We have come to the conclusion that this course is not feasible under the circumstances as they at present exist," without outlining any of the reasoning leading up to that conclusion.

The Mexican precedent, whereby the government indirectly controls the roads through stock ownership, and the New York Subway precedent, where the government owns the roads and leases them upon terms ensuring the lessor a return on his investment, were also rejected.

Outline of Dominion Railway Co.—Its Organization and Prospects

The majority report recommends that the Dominion Railway Co. have a nominal capital of $50,000 divided into five hundred shares, each trustee holding a hundred shares registered in the joint names of each trustee and the minister of finance. The trustee, having been named first, would be entitled to the vote, but could not transfer his shares without the finance minister's signature, and the charter would provide that no share could be transferred except to a duly appointed trustee, and that the shares were to be held in trust for the Dominion.

It is recommended that the government should transfer to the trustees the $40,000,000 common stock of the C.N.R., and all the Intercolonial and N.T.R. assets; that the C.N.R. transfer the $60,000,000 stock remaining into private hands; and that the G.T.R. transfer the whole of their stock and also the whole of the common stock of the G.T.P., the latter to be without payment except for the actual cash paid for shares other than those held by the G.T.R.

The C.N.R. common stock shareholders are to be paid an annuity decided by arbitration. The G.T.R. shareholders are to be paid annually a moderate but substantial (arbitrated) percentage of the $3,600,000 dividends which they have been receiving for the last ten years. The board of trustees is to be appointed by parliament in the original instance and to consist of three experienced railway men, one financial or business man and one labor leader. The first three railway trustees are to retire respectively after three, five and seven years' service, the other trustees respectively after four and six years.

To Keep Party Politics Out of Management.

The term of office of each trustee, with the exception of the first appointments, will be seven years, and the board will thus be permanent and self-perpetuating. Upon the retirement of a trustee, his four colleagues are to name his successor, but their choice must be approved by the governor-in-council. Failing such approval, a new name must be submitted by the trustees. All trustees are eligible for re-election but must retire at the age of seventy years. In case of death or disability of any trustee, his successor is to be elected merely for the unexpired term of office.

Only the three railway trustees are expected to devote their entire time to the company. The trustees have the power to appoint vice-presidents in charge of operation and other branches of management. It is advised that the trustees should be given wide powers in determining upon centralization or local management and in regard to the combination of the systems and elimination of waste. The board is preferably to be non-political, but in case men of recognized political affiliation are chosen, it is inferred that not more than three of the trustees should be from either of the two parties.

The board of trustees is to be independent of parliament, and to manage the Dominion Railway Co. with the object of earning dividends on the entire capital cost on all the roads under their control. The government is to assume responsibility to the trustees for the interest on all securities of the new combined system.

From the table on page 389 it will be seen that there is a deficiency of about $10,500,000 on operation, during the past year, of all the roads forming the Dominion Railway Co. To this must be added the cost of settlement with the convertible income debenture holders of the Canadian Northern, the annuities payable to Grand Trunk and C.N.R. shareholders, and the interest on the capital necessary to complete the system and make urgently needed betterments and additions. Further, the commissioners do not consider that the Grand Trunk dividend is a really net surplus but that it ought to go back into the maintenance of the property. On the other hand, they say, the economies resulting from the amalgamation ought to be very large.

The commissioners take as a starting point a total deficiency of about $12,500,000 a year. They feel that it is not unreasonably sanguine to hope that this deficiency can be eliminated in the course of six or seven years. A few specimen economies resulting from combination are given. As one instance, it is said that by building thirty-five miles of new road, the Dominion Railway Co. would have a shorter Winnipeg-Toronto mileage than any of the existing roads, shorter even than the C.P.R.

Valuation of C.N.R. and G.T.P.

A physical appraisal of the C.N.R. and G.T.R. was conducted under the direction of Prof. Geo. F. Swain, of Boston. A new record was made in this valuation work. No less than 13,425 miles of railway were valuated in six winter months, October to March, and at a cost of only about $3 a mile. The cost of this valuation compares with $240 per mile for the Interstate Commerce Commission's valuation of United States railroads, with $40 per mile for Prof. Swain's valuation of the New York Central Lines, and with $50 to $100 per mile for other valuations which have been made by him.

Besides 9,375 miles of C.N.R. and 2,698 miles of G.T.P. main line and branches, there were valuated 1,352 miles of C.P.R. for purposes of comparison.

Prof. Swain's engineering assistants were W. H. Chadbourn, chief engineer; C. S. Gzowski, in charge of examination of certain C.N.R. and G.T.P. lines, assisted by G. H. Burnett, J. W. Chappelle and L. Phillips; G. R. Balloch, in charge of examination of certain C.N.R. lines, assisted by H. MacNeil, F. O'Gara, L. J. M. Howard, and J. Rainboth; A. H. N. Bruce, in charge of examination of certain C.N.R. branches; T. S. Armstrong, in charge of examination of certain C.N.R. lines; W. H. McGaan, in charge of examination of certain C.N.R. lines, assisted by W. B. Elder; N. Cauchon, specially assigned to valuation of real estate at terminals; H. Horner, architect, in charge of valuation of buildings of all kinds; B. M. Hill, in charge of examination of G.T.P. between Winnipeg and Edmonton; A. L. Ford, in charge of preparation of report on G.T.P. between Edmonton and Prince Rupert; C. Gilmore, assisting Messrs. Hill and Ford; E. C. Keefer, general office assistant, engaged in working up the final reports, making estimates from profiles, etc.; C. H. Larkin, engaged in estimate of areas and values of right of way.

The Adams River Lumber Company, Limited, with head office at Chase, B.C., and capital stock of $850,000, has been registered to do business in Alberta.

NEEDLES PROBLEM IN KNITTING INDUSTRY

Supply is Short Here Because of Lack of Wire—United States Factories Enlarging Their Plants

The difficulty in obtaining supplies of latch needles for the machines of the knitting factories is one of the most serious problems of the Canadian knitting industry. Buyers are seeking every possible source of supply. The quality is not always of the best, but needles must be had to keep the machines busy. The shortage of needles is due to the lack of wire, and that, in turn, to a shortage of the right kind of steel. About 50 per cent. of this steel came from England prior to the war, about 25 per cent. from Germany and about 25 per cent. from the United States. The British government, however, has taken over steel manufacturing concerns, and it has been a year or more since supplies have been procurable from that source. There is an embargo on steel coming from England, and if this embargo is not lifted and an embargo should be placed on steel from the United States, the two Canadian companies' supply of steel would be entirely cut off. This class of steel is not made in Canada.

Two Canadian Makers.

There are two Canadian makers of latch needles, namely, Charles E. Wheeler and Son, Paris, Ont., and the Corey Needle Company, Upper Bedford, Que. They have materially enlarged their plants, and, according to the former company, can produce enough needles to supply Canada, provided they could secure wire. In a statement to *The Monetary Times*, Mr. C. Chester Wheeler, of Charles E. Wheeler and Son, says:—

"The wire situation enters very largely into the question of production of latch needles, and we would not hesitate to say that could we procure all the wire we need, we could still further increase our production 150 per cent.

"Germany supplied about 50 per cent. of the needles used in Canada prior to the war. There are enough needles made to-day, or will be as soon as the steel situation is taken better care of, to keep all the mills running, both in Canada and the United States, providing they can overcome the shortage of needles which has existed during the first two years of the war, when there were but a small amount of needles made in Canada and the United States.

Now Making Finer Needles.

"The Germans, before the war, took care of a large quantity of the finer class of needles. This finer class of needles we Canadian manufacturers are now commencing to make, and it takes a while to educate the labor for this class of work. Progress along this line is slow but sure. The Germans produced these needles and laid them down here at prices with which Canadian and United States manufacturers could not compete.

"The United States factories are shipping more needles into Canada than they were before the war. All factories there engaged in this line of work have more than doubled their capacity, but they, like Canadian manufacturers, prior to the war had but a small production. When the world's business was thrown upon their shoulders they could not adequately cope with it without increasing their plants, which they have done. We understand that now they are not only supplying their own trade, but a large portion of the English trade as well. The United States factories are enlarging their plants to take care of a part of the Canadian trade. English factories are also beginning to manufacture latch needles."

BANKS AND ALBERTA FARMERS

In speaking with regard to the Alberta legislation for live stock loans, Hon. Duncan Marshall said, after mentioning that the Merchants Bank was the first bank that offered money at 6 per cent.:—

"That if a bank has not a branch where the farmer lived, the bank would take his cheque on the bank in which he had his money and cash it without any charge for exchange or discount. All a man would have to do would be to satisfy the live stock commissioner he was a man that could be trusted with live stock and could go into the live stock business and make a success of it."

NATIONALIZATION OF CABLE SERVICES

This is the Recommendation of Dominions Royal Commission—Wireless Telegraphy

That at no distant date the nationalization of the private cable companies will become one of the most urgent problems for statesmanship is the opinion expressed in the final report of the Dominions Royal Commission. The report says:—

"It appears difficult, if not impossible, to attain the desired cheapness of cable communication throughout the Empire, as to the importance of which we hold the strongest views, without interfering with the rights of private companies, who have done much in the past to facilitate development of the oversea Dominions and to maintain the United Kingdom as the greatest world market, both in the matter of finance and in that of many of the largest staple industries.

"We desire to record our sense of the obligation of the Empire to the pioneers of ocean telegraphy, and we should be averse to any action, taken in consequence of our recommendations or otherwise, which would deprive them of the reward of their enterprise, and would neglect to take into account their part in the development of the imperial fabric and of British oversea trade. On the other hand, the urgency of placing cable communication on such a footing that it would be available not only to the rich but to all classes, not only to the merchant but also to the private individual, is manifest and imperative.

As to Wireless Telegraphy.

"Many who recognize in whole or in part the justice of the foregoing considerations urge as a reason for deferring action that the probable developments in wireless telegraphy render it inopportune to consider the acquisition of private cable lines or the question of placing their traffic on the basis of a government guarantee in order to reduce their rates to the requisite level.

"The establishment of wireless communication is no doubt cheaper than the laying of a new cable. Its development will be, and has been, of material assistance in causing reduction of rates and multiplication of services. Its founders are entitled to every encouragement from the imperial and oversea governments.

Cable v. Wireless.

"Whilst, however, it would be foolish to forecast the future except under the most express reserve, the most competent authorities on this subject whom we have been able to consult hold the view that on the ground of speed, certainty, and secrecy in time of war, cable communication as opposed to wireless will long continue to hold the field as the most reliable means of telegraphic communication overseas. There has been no slackening in the pace of cable construction since the advent of wireless."

TRANSPORTATION AND WAR

That war seemed to be one-tenth fighting and nine-tenths organization; that Americans were the greatest organizers and the most energetic, resourceful people in the world, were remarks of Mr. George Bury vice-president of the Canadian Pacific Railway, in a New York interview after visiting Washington, D.C., at the request of the advisory committee of the council of national defence; that when occasion demanded it they were capable of the greatest sacrifices; and that the world would be surprised at the tremendous effect the United States coming in would have.

That when the people of the United States think as at war, rather than as at peace, and allow the United States railways to take the action that is now followed in Europe, the United States railways will be equal to any task.

When the history of the war comes to be written, it will be found what effect efficient transportation has had on victories and how inefficient transportation has brought about dire defeats.

In all the Allied and neutral countries food restrictions of varying kinds are in force. Food conservation should be taken in hand here at once.

Mr. Bury has recently returned from Russia, which country he visited at the request of the British government.

FOURTH OF "LIBERTY" LOAN SUBSCRIBED

What is Absorption Power of United States Investors?—United States Steel Corporation's Subscription

The grand total of subscriptions and estimates of subscriptions to the "Liberty" loan reached $600,000,000 on Tuesday. New York City's total to that date was $255,723,000; Chicago, $36,970,000; Philadelphia, $16,810,000; Boston, $16,990,000; Detroit, $11,135,000. Cincinnati and Pittsburg stand nearly even, with a total for the former of $8,015,000 and for the latter of $8,209,000. St. Paul stands with a total thus far of $100,000, and Portland of $720,000.

The United States Steel Corporation will subscribe $25,000,000 to the "Liberty" loan, the largest single subscription yet announced. This $25,000,000 is in addition to the $5,000,000 already subscribed for the government's recent issue of emergency certificates.

Will it Upset Market?

Will the $2,000,000,000 "Liberty" bond issue of July 1st, subscriptions to which are being taken until June 27th, be readily taken by American investors, or will it necessitate urgent pressure and upset the rest of the investment market? The question has been asked many times on Wall Street Thursday, when the announcement of the loan last week was followed by heavy Stock Exchange liquidation.

No such sum has ever been raised in the United States in a single operation, says the New York Evening Post. Even the "billion-dollar Steel flotation" of 1901 consisted for the most part of the conversion of shares of half a dozen companies into the shares of one. The United States government has never, even in war-time, raised more than two or three hundred millions in a two-month period.

The evidence first in point lies in what the American investment markets did last year. Within twelve months, they subscribed to about $1,000,000,000 of Europe's American war loans, and, in addition, bought back from Europe an almost exactly equal amount of American securities, previously held abroad. Since the war began, as Mr. Paul Warburg pointed out in a recent speech, the American capital put into both kinds of investments has totalled nearly $5,000,000,000. The process did not by any means appear to have used up the supplies of accruing capital; on the contrary, $250,000,000 more was loaned to England in the early weeks of the present year.

The prospects of the present $2,000,000,000 loan must be judged from two viewpoints, when drawing inferences from these other recent achievements. One is, that the $1,000,000,000 loaned by the American markets last year to the Allies was raised in a relatively narrow circle of investors. The people at large were not familiar with foreign bonds; many large bankers and investors, and many institutions with a German-American clientage, were unwilling to participate. The average investor, though tempted by the high rate of interest paid by the Allied Governments, could not wholly shake off the notion of "economic exhaustion" or "repudiation." Not one of these undoubtedly formidable obstacles will apply to a United States government loan.

Would Have Been Borrowed.

The second consideration is, that the purpose for which perhaps one-half of the $2,000,000,000 loan is to be raised is for lending to the Allies the money which they otherwise would have borrowed in the open American market. To that extent, no more investment capital will be absorbed than would have been taken up, if the United States had never gone to war. Furthermore, when the United States government shall have undertaken to finance great Britain's purchases of material in America, it is hardly to be supposed that the British government, which now controls the English holdings of American securities, would continue to sell them on the American markets.

The final consideration is, that these loans of the United States government to its allies, which are to make up $3,000,000,000 out of the total $5,000,000,000 authorized war credit, will cover sales by United States manufacturers and producers to Europe. The profits from that immense production, and the enormous export trade which has arisen from it in the past two years, will continue.

The Northern Crown Bank has opened branches at Scotsguard and Portreeve, Sask.

TOO MANY COMPANY LAWS HINDER TRADE

One Hundred Statutes in British Empire Hamper Trade Between Dominions and Motherland

"There are at present in the United Kingdom and the self-governing Dominions more than twenty authorities empowered by law to legislate in respect of companies, and the legislation thus brought into existence is contained in considerably over 100 statutes and ordinances.

"With this number of legislative bodies and legislative enactments there must be considerable diversity."

That the present state of affairs is a great hindrance to trade is the conclusion of the Dominions Royal Commission in their final report, just published.

A marked subject of complaint amongst the witnesses who gave evidence before the Commission, which visited all the overseas dominions, was the exercise in certain cases by the various legislative bodies of their right to impose differential taxation on joint stock companies.

United Kingdom Legislation.

In its report the Commission makes the following suggestions to improve the present position in regard to company law in the British Empire:—

"(1) Amongst those divisions of the Empire which have consolidated their law in recent years, it is noticeable that the legislation in force in the United Kingdom with regard to companies has been followed fairly closely.

"Consolidation, if carried out in all cases, would remove some of the inconveniences of which complaint is made. Without setting up the United Kingdom legislation as an ideal, we may suggest that, as this has been accepted in principle and with close approximation in detail by some of the Dominions, and as a standard has, therefore, been set up, it would be advisable to follow that standard as closely as possible where consolidation is undertaken.

Trading Over Wide Area.

"(2) One of the ideas dominant in the formation of a joint stock company is often that of trading over a wide area. The extension of modern commerce has made such organizations almost a necessity, and, so far as is consistent with public control and the maintenance of public policy in each self-governing Dominion, companies formed within the Empire should have the widest possible range. The proposal made to us that joint stock companies formed within the Empire should have the right to trade in any part of the Empire on payment of a registration fee, is, perhaps, a counsel of perfection and not consistent with the control of their internal affairs by the Dominions But it is not too much to suggest that trading companies formed within a self-governing Dominion should be unhampered by divergent legislation within that Dominion. At present the Union of South Africa has the power to legislate for joint stock companies, but leaves that power in the hands of the provinces, one of which (Natal) imposes a special tax on outside companies. The Dominion government of Canada may legislate for and create companies, and the provinces also have jurisdiction with regard to the incorporation and powers of companies. The provinces also claim the right to differentiate between domestic and outside corporations, and certain provinces have exercised it in the imposition of special taxes and license fees. In Australia the Commonwealth government may not create joint stock companies to trade in the states, but may control them to some extent if they trade in more than one state. Under existing trade conditions it seems axiomatic that the creation and control of those bodies should be in the hands of each central government.

"(3) Apart from the general question of creation and control, there is the matter of differential taxation of trading companies as distinguished from private firms or individuals. The exercise of this right for the purposes of carrying out some line of policy is comprehensible, but the special taxation of trading companies formed within the Empire as contrasted with private firms and individuals is hardly consistent with the encouragement of imperial trade."

The Royal Bank has opened branches at New Germany, N.S., and Puerto Cabello, Venezuela.

NEW INCORPORATIONS

Sixty New Charters Granted—Interest Shown in Western Resources

Canada's new companies incorporated this week number 60. The head offices of these companies are located in six provinces. The total capitalization amounts to $10,232,500.

The largest companies are:—

Chaput-Hughes Gold Mines, Limited	$2,000,000
The Christian Community of Universal Brotherhood, Limited	1,000,000
Northwestern Life Assurance Company ...	1,000,000
Thackeray Mines, Limited	2,000,000

Grouping the new concerns according to provinces in which the head offices are situated, we have the following results:—

Province.	No. of companies.	Capitalization.
Ontario	23	$ 5,178,000
Quebec	9	962,000
British Columbia	4	1,125,000
Manitoba	3	1,249,000
Alberta	8	335,000
Saskatchewan	13	1,383,500
	60	$10,232,500

The following is a list of charters granted during the past week in Canada. The head office of the company is situated in the town or city mentioned at the beginning of each paragraph. The persons named are provisional directors:—

Foam Lake, Sask.—Foam Lake Rink Company, $3,500.

Hughton, Sask.—Hughton Curling Association, $5,000.

Moose Jaw, Sask.—Rinker and Steuart, Limited, $10,000.

Robsart, Sask.—Robsart Public Hospital Association, $5,000.

Theodore, Sask.—The A. Sant Company, Limited, $10,000.

Northfield, Minn., U.S.A.—The H. O. Osborn Company, $50,000.

Vidora, Sask.—Vidora Development Company, Limited, $20,000.

Rochester, N.Y., U.S.A.—Associated Mortgage Investors, $100,000.

Saskatchewan, Sask.—Ukrainian National Home Association, $20,000.

Watrous, Sask.—Manitou Mineral Water Company, 1917, Limited, $10,000.

Medicine Hat, Alta.—The Empress (Medicine Hat), Limited, $10,000.

Chauvin, Alta.—The Chauvin District Milling Company, Limited, $10,000.

Wainwright, Alta.—The Wainwright Light and Power Company, Limited, $15,000.

Hamilton, Ont.—Polonia Club, Limited, $25,000. J. Baranski, L. Holody, S. Pieprzak.

Oklahoma City, U.S.A.—The American Investment Company of Oklahoma, Limited, $50,000.

Orillia, Ont.—Couchiching Curling Company, Limited, $40,000. B. F. Stewart, C. Doidge, W. C. George.

Amherstburg, Ont.—Pettypieces, Limited, $25,000. G. D. Pettypiece, G. L. Pettypiece, W. G. H. Pettypiece.

Woodstock, Ont.—Oxford Lime Products, Limited, $40,000. B. N. Downing, Natalie Downing, Alice N. Mahon.

Southampton, Ont.—The Chippawa Hill Telephone Company, Limited, $3,000. C. Sang, F. Trask, J. Robertson.

Three Rivers, Que.—Vulcan Knitting Mills of Canada, Limited, $10,000. A. T. Ellis, M. E. B. Sudbury, J. E. Steritt.

Alexandria, Ont.—The Glengarry Telephone Company, Limited, $20,000. M. J. Morris, J. A. McMillan, F. T. Costello.

Verigin, Sask.—The Christian Community of Universal Brotherhood, Limited, $1,000,000. P. Verigin, J. G. Ivin, J. Malahoff.

Brockville, Ont.—Canadian Contractors and Builders, Limited, $50,000. J. A. Hutcheson, R. J. Driver, L. C. Dargavel.

North Bay, Ont.—The J. P. Quinlan Manufacturing Company, Limited, $40,000. J. P. Quinlan, M. McQuinty, J. Landreau.

Winnipeg, Man.—Manitoba Grain Company, Limited, $50,000. J. Horn, J. T. Maloney, Laura P. Saunders; Northwestern Life Assurance Company, $1,000,000; Mutual Grain Company, Limited, $199,000.

St. Catharines, Ont.—The Bonner-Heddle Company, Limited, $100,000. I. Bonner, C. M. Heddle, J. Harold; Turnbull Electro Metals, Limited, $50,000. R. Turnbull, J. B. Tudhope, H. R. Tudhope.

Vancouver, B.C.—The Bungalow Confectionery, Limited, $15,000; Food Products Company, Limited, $100,000; Consolidated Oil and Development Company, Limited, $1,000,000; Vancouver Coal Company, Limited, $10,000.

Calgary, Alta.—The Universal Brokerage Company, Limited, $20,000; the Mewata Holding Company, Limited; $20,000; the Blackfoot Farming Company, Limited, $100,000; the Bassano Farming Company, Limited, $150,000; the Leland Hotel Company, Limited, $10,000.

London, Ont.—Steel Lockers, Limited, $40,000. W. P. Brown, C. E. Jarmain, W. R. Jarmain; Good Health Food Company, Limited, $40,000. H. B. Somerville, H. Powell, G. J. Van Nostrand; Memorial Labor Temple, Limited, $50,000. J. Dan, J. Cummings, D. Wright.

Montreal, Que.—Civic Realties, Limited, $300,000. F. B. Common, G. A. Coughlin, F. G. Bush; Standard Machinery and Supplies, Limited, $250,000. W. R. L. Shanks, F. G. Bush, A. G. Yeoman; Canadian Utilities Steel and Engineering, Limited, $49,000. J. G. Cartwright, J. Macnaughton, W. B. Scott; the Hydraulic Machinery Company, Limited, $200,000. G. A. Coughlin, F. G. Bush, G. R. Drennan; F. Tabah and Brothers, Limited, $48,000. F. G. Ellis, J. B. Dunlop, H. G. Fitzgerald; Colonial Fastener Company, Limited, $20,000. C. Dessaulles, L. Garneau, P. J. Lorrain; La Reina Mineral and Soda Water, Limited, $75,000. A. Hamelin, L. Hamelin, J. M. Gabias; Wilson Carbon Paper Company, Limited, $10,000. E. C. Budge, C. G. Ogden, H. A. Ellis.

Toronto, Ont.—Borden Farm Products Company, Limited, $275,000. W. A. J. Case, J. B. Taylor, W. M. Smith; the B.C. Milk Condensing Company, Limited, $120,000. W. A. J. Case, W. M. Smith, J. B. Taylor; Equipment Investment Company of Canada, Limited, $50,000. C. H. C. Leggott, A. M. Borthwick, W. W. Perry; the Canada Sauce and Vinegar Company, Limited, $50,000. C. Roy, W. W. Leith, E. S. George; Dodds, Limited, $40,000. T. H. Barton, R. J. Dodds, Mary L. Dodds; Thackeray Mines, Limited, $2,000,000. D. A. McPherson, E. W. Miller, W. H. Woulfe; Longo Fruit Company, Limited, $40,000. J. Longo, J. Graziano, J. Cira; Globe Films, Limited, $40,000. A. Cohen, E. Marks, Essee W. Cohen; Chaput-Hughes Gold Mines, Limited, $2,000,000. A. W. Roebuck, Margaret Egan, Ida H. Harrison; Diana Sweets, Limited, $40,000. C. Boukedis, K. Karkalatos, J. Karrys.

Included in the previous week's total were:—

Slocan, B.C.—The Slocan Mercantile Company, $50,000.

Point Rapids, B.C.—A. P. Allison and Company, Limited, $100,000.

Midland, Ont.—Grise Brothers, Limited, $75,000. K. J. Phelan, W. Field, Lily Harwood.

Terrebonne, Que.—Globe Shoe, Limited, $100,000. E. S. Mathieu, A. Jasmin, J. B. Hurteau.

Fort William, Ont.—Young and Lillie, Limited, $40,000. S. C. Young, W. C. Lillie, Margaret I. Hall.

Ottawa, Ont.—C. L. Perkins, Limited, $45,000. J. P. McMullen, M. J. Armstrong, Martha Perkins.

Varennes, Que.—Varennes Industrial Company, Limited, $50,000. R. Chenevert, P. Caumartin, L. Barry.

St. Catharines, Ont.—Welland Shipbuilding Company, Limited, $200,000. F. H. Keefer, H. A. Keefer, D. Munro.

Metabetchouan, Que.—Compagnie d'Aqueduc du Lac Saint-Jean, $30,000. F. Lapointe, A. Gauthier, E. Lauzon.

Sturgeon Falls, Ont.—The Sturgeon Falls Milling Company, Limited, $25,000. A. A. Aubin, T. Legault, A. Cartier.

Hebertville Station, Que.—Central Electricity Company, Limited, $99,000. J. H. Brassard, J. R. Desbiens, A. Plourde.

Sudbury, Ont.—The Shing Tree Mining and Milling Company, Limited, $500,000. J. A. Moore, S. Freer, R. Manwell.

Valleyfield, Que.—Valleyfield Tool Manufacturing Company, Limited, $100,000. J. M. Grant, C. G. Ogden, J. L. Reay.

Bowmanville, Ont.—Couch, Johnston and Cryderman, Limited, $40,000. J. H. Cryderman, W. B. Couch, C. A. Johnston.

Brockville, Ont.—The Laing Produce and Storage Company, Limited, $100,000. J. A. Hutcheson, R. J. Driver, L. C. Daravel.

Sydenham, Ont.—The Hoath Head and Grey Telephone Company, Limited, $3,000. D. McKay, J. M. Gordon, J. Wilkinson.

Quebec, Que.—Carrière Roberge Limitée, $49,000. C. Noreau, W. Hitchison, L. S. Roberge; P. L. Lortie, Limitée, $49,000. P. L. Lortie, J. H. Lortie, L. Lortie.

St. Thomas, Ont.—Meehan and Regan, Limited, $40,000. P. Meehan, F. Meehan, Eugene Meehan; Erieau Fish Company, Limited, $40,000. N. Macaulay, J. Nichol, A. Ingram.

Vancouver, B.C.—R. S. Ford Company, Limited, $10,000; Utility Soaps, Limited, $25,000; F. B. Lewis and Company, Limited, $10,000; River Gold Recovery Company, Limited, $500,000.

Victoria, B.C.—Lillooet Goldfields, Limited, $100,000; the Belmont Investment Company, Limited, $50,000; the Victoria Weekly Press, Limited, $10,000; Hardy Bay Coal Company, Limited, $1,000,000.

Winnipeg, Man.—The Provincial Amusement Company, Limited, $15,000. M. J. Williamson, H. S. Johnston, A. J. Milligan; Lake George Fishing Club, Limited, $5,000. J. Auld, F. G. Warburton, Kate C. Murray; the Tire Exchange, Limited, $5,000. W. P. Thompson, C. J. Henderson, E. A. Cohen.

DO THE PEOPLE AT HOME KNOW?

"Do the people at home know that we are up against it for men? The slow dribble of reinforcements from Canada is becoming a serious matter to our forces over here. I think it about time for conscription to be put into effect. If Canada is going to sacrifice fruitlessly the men she has given already, on account of a lack of further contributions, then she is not the country whose call we answered? Why are they remaining behind? What excuses have they? Surely, they know they are needed. We could have doubled our glory at Vimy Ridge had we the men. The crucial point is reached now, and if we fail there will be no doubt as to where the blame lies."—Extract from a letter just received from a Canadian officer recently wounded in France.

PROPOSED AMENDMENT TO THE INSURANCE ACT

The following is the text of the bill to amend the insurance act, introduced by Mr. Bennett (Simcoe):—

"The Insurance Act, 1910, is amended by inserting therein after section one hundred and twenty-six the following:—

"126a. Any person holding a half-yearly or yearly renewal term policy shall, on making application in writing to the company, be entitled to select and receive in lieu of and in exchange therefor any level premium plan of policy issued by the company at the rate of premium applicable to such policy at the age at which the renewal term policy was issued, on payment of the difference between the premiums theretofore paid by him and the premiums he would have paid under a level premium policy issued at the same age as that at which the renewable term policy was issued, with interest at four per cent. compounded yearly for the period of years elapsed since the renewable term policy was issued.

"2. The company shall, on demand in writing, at its own expense prepare and deliver to the applicant a statement showing the premiums chargeable under the level premium plan selected, and the premiums paid under such renewable term policy, respectively, with interest computed as aforesaid in each case for and during the period of such renewable term policy up to the time fixed in such statement.

"3. The company shall, within three months after the date of making such application issue and deliver to the holder of such renewable term policy, without further medical examination, a level premium policy on the same terms and conditions and in effect the same in all respects as if it had been issued on the same date as the renewable term policy.

"4. The provisions of this section shall not apply to any policy which expressly provides that it shall not be renewed at the expiry of any term or upon the happening of an event named in such policy."

WHAT CANADA WILL PRODUCE

"It is too early to estimate the crops for this year, but it is only a matter of time when Canada will produce over 400,000,000 bushels of wheat, and then, after a while, twice that amount," was a recent remark of Lord Shaughnessy, president of the Canadian Pacific Railway.

NEW PULP AND SAW MILLS

The Great Eastern Pulp Company has been organized at Quebec for the purpose of erecting and operating pulp and saw mills at Madeleine River, Gaspe county, Quebec. The officers are: President, John Mullen, of Bangor, Me.; vice-president, Archibald Hay Cook, K.C., Quebec. There will be a bond issue of $600,000 and a stock issue of a like amount. The pulp mill will have a capacity of 30,000 tons of ground wood pulp annually, and the output of the saw mill will be 10,000,000 feet. The company owns 300,000 acres of timber lands, assuring an adequate supply.

DOMINION TRUST COMPANY'S DEPOSITORS

A policy which, if carried into effect, will amount to a repudiation of the promise made by the late government to depositors of the Dominion Trust Company, was enunciated by Attorney-General Macdonald in the legislature, when he indicated that only in the event of a decision favorable to the government in the pending action against the bonding companies to recover the amount of the two bonds, one for $200,000 and the other of $50,000, given on the defunct company to the government to secure the depositors, would the depositors secure anything from that source, states a Victoria despatch.

The late government made the definite promise that even if, by virtue of some technicality, the bonding companies might escape their liability, the government would, in virtue of the great hardship that would thereby be imposed upon the depositors through failure of that source of compensation for their losses, put up the amount of the bonds to be divided among the depositors.

DECIMAL SYSTEM RECOMMENDED

That the British and the overseas Dominions governments should co-operate after the war to establish throughout the Empire a uniform coinage based on the decimal system and uniform weights and measures based on the metric system, is the recommendation, in their final report, of the Dominions Royal Commission. They say:—

"We have studied the discussion on the subject of currency and coinage laws at the Imperial Conference of 1911, and have also heard evidence from the representatives of the Decimal Association and from witnesses in the Dominions as to the desirability of introducing metrical weights and measures and a new style of coinage based on the decimal system.

"The general advantages of these systems are recognized; the complications of the present arrangements, both in the United Kingdom and in several of the Dominions, are such that few would undertake to defend their principles.

"Many of the Dominions, recognizing this, have passed resolutions in parliament, or even permissive legislation, in favor of the decimal and metric systems. There is clearly in the Dominions a considerable body of opinion in favor of this change. So far, however, all efforts to induce the community in the mother country to agree to a change have proved unavailing. We understand that the United Kingdom committee on commercial and industrial policy is now examining the subject."

Mr. Samuel Drumheller, Drumheller, Alta., has sold his 1916 wool clip to Messrs. J. A. Koshland and Company, of Boston, Mass., some 3,700 fleeces, about 25,000 pounds, at 45 cents per pound, without the usual dockage. This price is probably the highest that has yet been realized for wool in Alberta.

TRADE BALANCE AND LOANS

That arrangements whereby Canada's adverse trade balance with the United States will be readjusted by Canadian borrowings in the United States will be negotiated by Sir Thomas White, minister of finance, is suggested in Ottawa despatches. If the finance minister can accomplish this at a low rate of interest it is believed it will have a very beneficial effect upon the market for all Dominion war loans which were issued at most attractive rates of interest.

Although there has been no definite statement regarding the matter, it is quite possible that the Dominion government's future borrowings by the issue of long-date securities may be much less in amount than was anticipated before the United States entered the war on the side of the Allies. So far, the domestic war loans placed in Canada have amounted to $350,000,000, and in addition to this British credits of over $200,000,000 have been provided.

PAYING OFF TEMPORARY LOANS

That the proceeds of the new Dominion war loan will go in part to liquidate the temporary loans granted by the banks to the finance minister at the beginning of the present year, suggests Mr. H. M. P. Eckardt in the Journal of the Canadian Bankers' Association. In December, 1916, and February, 1917, the banks took four months' bills of the minister to the amount of $50,000,000. These mature April 23rd and June 1st, 1917. In January, February and March, 1917, they advanced to the British government, in connection with the third munitions loan, $50,000 000, on British Treasury bills maturing January 15th, February 15th, and March 15th, 1918. In 1916 the banks loaned $30,000,000 to the minister on three months' notice—$22,060,000 on August 1st and $7,940,000 on September 1st. The interest in this case also was 5½ per cent. These two loans were paid off on November 1st and December 1st, respectively—out of the proceeds of the second war loan. This is new work for the Canadian banks, as prior to the war the Dominion government was accustomed to placing its short-date Treasury bills in London.

These transaction are, of course, reflected in the banks' holdings of securities. The repayment of these temporary loans would result in a considerable drop in security holdings, but the probabilities are they will be quickly replaced by new temporary financing.

TELEGRAPH AND EXPRESS BUSINESS

Eight express companies, which carry on business in the Dominion, had an operating mileage in 1916 of 41,994, as compared with 38,610 in the previous year. Of the total, 11,135 miles were in Ontario and 5,980 in Quebec. The companies' total capitalization amounted to $4,888,700, and the value of their real estate holdings, buildings and equipment was $3,289,966. Their gross earnings were $12,860,629 in 1916, as against $11,311,797 in 1915, and their operating expenses were $5,794,516, as compared with $5,632,904 in 1915. They paid to railways for transportation of express matter $6,146,399. Their net operating revenue was thus $919,713, and showed an increase over that of 1915, which was only $668,668, the lowest in a five-year period. The eight companies paid in salary and wages to their employees last year $3,787,660, or slightly less than in 1915.

The earnings of the cable, telegraph and wireless companies and the government telegraph service, taken in aggregate, are reported to have been larger in 1916 than in any other year since the compilation of statistics on the subject was begun. The statistics cover the operations of nine companies, the Dominion government telegraph service, the Temiskaming and Northern Ontario Railway Company lines and the Pacific Cable, which is the property of the British government and the governments of the various Dominions which it serves. Gross earnings in 1916 reached $6,255,740, as compared with $5,536,337 in 1915, and the increase was in part accounted for by a substantial augmentation in receipts from cablegrams since the outbreak of the war. Net operating revenue is given at $2,538,924, and net income, after payment of taxes, interest on bonded indebtedness, etc., at $2,282,529. The pole mileage of telegraph lines in Canada in 1916 was 40,251 and the wire mileage 206,551. In 1916 there were 10,835,936 land messages and 1,134,905 cablegrams transmitted as compared with 9,952,134 land messages and 977,389 cable messages in 1915.

WESTMAN AGENCY CHANGES NAME

The Armstrong-Logan Agency, Limited, Regina, is the new name of the J. A. Westman Agency, Limited, the personnel and management of which remains unchanged.

BRITAIN MAY BUILD AT TORONTO EXHIBITION

The Dominions Royal Commission have recommended in their fifth and final reports to the imperial government that that government should erect a building at the Canadian National Exhibition, Toronto. "We think," says the report, "that the governments of the other dominions might well follow suit in this respect, and that similar encouragement might be given to National Exhibitions in other parts of the Empire as soon as they have, by results, justified their existence in the same manner as has that at Toronto."

WEEKLY RAILWAY EARNINGS

The following are the weekly earnings of Canada's transcontinental railways during April:—

Canadian Pacific Railway.

	1917.	1916.	Increase.
April 7	$ 2,830,000	$ 2,482,000	+ $348,000
April 14	2.833.000	2,577.000	+ 256,000
April 21	2,708,000	2,343,000	+ 365,000
April 30	3,665,000	3,166,000	+ 499,000
	$12,036,000	$10,568.000	+ $468,000

Grand Trunk Railway.

	1917.	1916.	Increase.
April 7	$ 1,215,768	$ 1,164,246	+ $ 60,282
April 14	1,103,119	1,024,505	+ 78,614
April 21	1,085,031	1,059 661	+ 35,370
April 30	1,481,293	1,445,853	+ 35,440
	$ 4,885,211	$ 4,694,265	+ $190,946

Canadian Northern Railway.

	1917.	1916.	Increase.
April 7	$ 726,200	$ 677,000	+ $ 59,200
April 14	881 000	668,000	+ 212,700
April 21	765,600	634,300	+ 131,300
April 30	932,100	844,100	+ 88,000
	$ 3,314,900	$ 2,823,400	+ $491,500

GRAND TRUNK'S FINANCIAL POSITION

President E. J. Chamberlin, of the Grand Trunk System, speaking in regard to the government commission's report on the Canadian railway situation, said:—

"I have read the majority report of Sir Henry Drayton and Mr. W. M. Acworth, who with Mr. A. H. Smith, president of the New York Central Company, were appointed a special commission to examine the Canadian railway situation, I have not, however, seen the report of Mr. Smith, dissenting from the views of the other commissioners.

"I am extremely surprised at some of the statements made in the report with regard to the position of the Grand Trunk Railway Company of Canada, which, with all respect to the commissioners signing the majority report, I am compelled to say are inaccurate and misleading. So far as that company is concerned, its credit at the present time is high and its financial position not at all as stated in the report.

"During the past five years the Grand Trunk has borrowed in New York for capital purposes over $15,000,000, and had it not been for the war, which created abnormal conditions, further capital would have been procured and expended if prices had been satisfactory and deliveries could have been obtained.

"In view of statements contained in the report, and calculated to impair the credit of the company, I think it only just to the holders of Grand Trunk securities that they should be assured of the absolute safety of their investment."

"At a later date a full statement with regard to the company's position will be made."

A Public Statement by the British Columbia Electric Railway Co. LIMITED

The Private Bills Committee by its report to the House on the Bill to amend the Vancouver Incorporation Act, 1900, eliminates from the Bill those clauses which sought to deprive the British Columbia Electric Railway Company, Limited, of protection from municipal competition in the light and power business which the Company enjoys under the provisions of the Vancouver City Charter.

The City of Vancouver is asking for the reinstatement of those clauses when the Bill comes on the floor of the House for confirmation, and the Company, therefore, ventures to bring to your notice some of the points brought to the attention of the Committee, which, it is believed, were responsible for the Committee's decision to eliminate those clauses.

In 1894 the Consolidated Railway and Light Company which had a brief but none too prosperous career, carried on a tramway, light and power business in the City of Vancouver. In 1895 the City of Vancouver applied for power to construct and operate a street railway and electric light system. Finding it difficult to raise funds, and impossible with the possibility of municipal competition, the Consolidated Railway and Light Company, which afterwards became the British Columbia Electric Railway Company, Limited, opposed the application; and the Legislature, while granting the City the powers asked for, inserted the provision that before entering into competition with the Company the City should first offer to buy the Company out. The result was that the Consolidated Railway and Light Company was enabled to raise the funds required by the citizens of Vancouver for electric light and power development.

In 1900 the City of Vancouver applied to the Legislature for a revision and consolidation of its Charter, and for the elimination of the clauses inserted in the Charter in 1895 requiring the City to offer to buy out any existing tramway, light or power company before entering into competition with them.

In the meantime the British Columbia Electric Railway Company, Limited, had succeeded the Consolidated Railway and Light Company in business in Vancouver and opposed the City's application before the Private Bills Committee. The matter was fully discussed before the Committee, who requested the City and the Company to arrange a compromise. **A meeting took place between the City and the Company, and a compromise thoroughly satisfactory to both parties was eventually effected, with the result that the City and the Company jointly laid before the Private Bills Committee the clauses which appear to-day in the Vancouver City Charter.** The Private Bills Committee approved of these clauses, recommending them to the House for confirmation, and on the floor of the House these clauses were confirmed by every member of the Legislature—Mainland and City members as well as Island members—with but one dissenting vote.

Why did the City agree to this compromise, and why was it almost unanimously endorsed by the Legislature? Because the Company on the strength of the protective clauses undertook the heavy tramway, light and power extension required by a young but rapidly growing community, which was exactly what the City was most anxious to secure, as not only was the development of the City's territory thereby secured, but it also enabled the City to utilize its own resources in other necessary civic improvements.

In view of the above, the City cannot in fairness say, as they have said, that these clauses were "hog-rolled" into the Legislature in 1900 against the protest of the City and Mainland members.

These clauses inserted in the Vancouver Incorporation Act, 1900, which have remained from that day to this, are as follows:—

> Section 125. The Council may from time to time pass, alter and repeal by-laws:—
>
> (4) For supplying water and light to the citizens, and for the recovery of moneys due for water rates, or for the supply of water to consumers; for rates and for supply of light to consumers, and the enforcing of the payment of such moneys or rates by making the same a charge on the lands of the owners or tenants using the water or light, and enabling the same to be recovered in the same manner as overdue taxes; Provided that nothing in this sub-section shall be held to impair or prejudice the rights now vested in the British Columbia Electric Railway Company, Limited, or the New Westminster and Burrard Inlet Telephone Company, or the Vancouver Gas Company, by any Statute in force or requirements under any agreement or agreements with the City;
>
> (5) Provided, that the Council shall not, with the exception hereinafter stated as to tramways upon unoccupied streets of the city, pass any by-law for the purpose of purchasing, acquiring, constructing, operating or maintaining any works similar to those now carried on by the British Columbia Electric Railway Company, Limited, or the Vancouver Gas Company, or by virtue of which the City will become a competitor in the business carried on by such companies, or either of them, until the Council has by by-law fixed the price which they will offer for the property of the company or companies whose operations will be thereby interfered with, nor until thirty days have elapsed after such notice of such price shall have been communicated to such company or companies.

On the strength of these clauses and in pursuance of its undertaking given in 1900 to develop its tramway, light and power system in keeping with the development of the City, the Company has spent nearly $48,000,000.00 on the development of that system, all of which money has been raised through the sale of stocks and debentures in the Old Country on the understanding that these clauses in the City Charter, which the City now seeks to eliminate, effectually protected the Company against municipal competition, until the Company had refused to sell out to the City, and on the natural assumption that the City would in its turn carry out its part of the bargain fairly and squarely.

His Worship the Mayor and his colleagues have repeatedly stated that it is not their intention to repudiate any agreement or be relieved of any improvident bargain. How can the City Council substantiate such statements when they are now asking the Legislature to cut out those portions of the protective clauses giving the Company protection from municipal competition in its lighting and power business and insert in place thereof the following provision?

> ". . . Notwithstanding anything in this section contained, the City shall have the right to investigate, develop, acquire, construct, operate, maintain, distribute, transmit and sell any water power or powers inside or outside the City for any desired purpose; nor shall anything hereinbefore or hereinafter in this act contained or in any other statute public or private contained be considered in any way to restrict, limit or prejudice the right of the City to investigate, develop, acquire, construct, operate, maintain, manufacture, distribute, transmit and sell electric light and power."

It is claimed by the City that their reason for applying for this amendment is the alleged high charge for power and domestic lighting charged by this Company.

So far as the Company's charges for industrial power are concerned, it is altogether inaccurate to state that they are higher than in any other city in Canada, or on the Pacific Coast. On the contrary, it will be found on examination that the charges in force at the present time, and for some years past, are as low as, and in many cases lower than, the charges for loads of a similar nature in any other city, either in the Dominion or in the United States. The Company challenges comparison between its existing power rates and those charged in other places.

So far as domestic lighting rates are concerned, it is true that they are higher than in some other cities on this continent, and lower than in many others. There are many reasons for this, including the fact that in every city where a modern lighting schedule is in force a monthly minimum charge is made, which is not the case in Vancouver. For some months a special staff has been engaged on the preparation of a new modern lighting schedule with a minimum charge, such as is usual in many other cities, and when this schedule is put into force not later than September of the present year, it will be found that the Company is enabled to make a very substantial reduction in its present lighting rates.

In any case, even though the charges of the Company were open to criticism, surely the proper method of correct-

(Continued on page 54.)

Montreal and Toronto Stock Transactions

Stock Prices for Week ended May 9th, 1917, and Sales.

Montreal figures supplied to *The Monetary Times* by Messrs Burnett & Co., St. Sacrament St., Montreal. Toronto quotations "and interest."

Montreal Stocks	—	High	Low	Sales
Ames-Holden ....com.	....	....	....	....
" ....pref.	....	....	....	....
Asbestos	....	....	....	....
Bell Telephone	....	142	....	5
British Columbia Fishing & Packing	....	....	....	....
Brompton	....	47	45	765
Brazilian	....	40	39½	1221
Canada Car ....com.	....	30	28	606
" ....pref.	....	67	66	670
Canada Cement ....com.	....	58½	58¼	1016
" ....pref.	....	....	....	69
Canada Cottons	....	52½	....	25
" ....pref.	....	....	....	49
Canadian Converters	....	....	....	....
Canadian Foundry & Forgings ....pref.	...	....	....	....
Canadian General Electric	....	107½	106¼	60
Canadian Locomotive	....	58	....	150
Canadian Pacific Railway	....	160	158	31
Canada Steamship Lines ....com.	....	38	37¾	470
" " " ....pref.	....	85¾	85½	846
" " " ....(Voting Trust)	....	38	....	475
Carriage Factories	....	12	....	25
Civic Investment	....	79¼	78¾	1212
Cons. Mining and Smelting	....	26¾	26½	2030
Crown Reserve	5	....	....	....
Detroit Railway	....	112	117¼	470
Dominion Iron ....pref.	....	91	90	30
Dominion Bridge	....	...	....	5
Dominion Coal ....pref.	....	....	....	5
Dominion Steel Corporation ....com.	....	60	59¼	5000
Dominion Textile	....	86	85½	696
Gould Manufacturing	....	....	100	....
" " ....pref.	....	....	100	....
Goodwins ....pref.	....	....	....	....
Illinois Traction ....pref.	....	....	....	86
Lake of Woods Milling ....pref.	....	....	125	....
Laurentide Co.	....	....	176	130
Lyall Construction Co.	....	....	....	50
Macdonald	....	15	11½	50
Mackay ....com.	....	....	....	10
Maple Leaf	....	105¼	104¼	70
Montreal Cottons ....com.	....	....	50	....
" ....pref.	....	101½	....	43
Montreal Loan & Mortgage	....	....	....	1
Montreal Tram Debenture	....	....	74½	4800
Nova Scotia Steel	....	90¼	89¾	750
" " " ....pref.	2	....	....	....
Ogilvie Flour Mills	....	....	....	80
" " "	....	....	112	19
Ontario Steel Products	....	....	20	85
Ottawa Light, Heat and Power	....	....	....	....
Paton Manufacturing Co.	....	....	....	....
Penmans	....	....	....	61
" ....pref.	1½	.	82	5
Riordan Paper	....	115	113	125
" ....pref.	....	93	92	103
Quebec Railway, Light, Heat & Power	....	26¼	25¾	872
Shawinigan Water & Power	....	121½	121½	340
Sherwin-Williams	....	60	57	....
" " ....pref.	....	....	....	1
Smart Woods ....pref.	....	....	....	15
Spanish River ....com.	....	14½	14	45
" ....pref.	....	....	....	162
Steel Co. of Canada	....	57½	57	2041
" " ....pref.	....	....	....	35
Toronto Railway	....	76½	76¼	425
Tucketts	....	.	....	25
Twin City	....	88	....	5
Winnipeg Railway	....	....	50	....
Wayagamack	....	72	71	460
Bank of British North America	....	....	....	....
Bank of Commerce	....	....	....	183
Bank of Montreal	....	219	....	7
Bank of Ottawa	....	202¼	....	....
Bank of Toronto	....	....	....	8
Bank d'Hochelaga	....	149	....	....
Banque Nationale	....	....	....	....
Bank of Nova Scotia	....	....	....	42
Dominion Bank	....	....	....	....
Merchants Bank	....	169¼	....	4
Molsons Bank	....	....	182	30
Quebec Bank	....	....	....	....
Royal Bank	3¼	....	....	57
Standard Bank ....com.	....	....	....	....
Union Bank	....	....	....	42
Montreal Bonds	Last Sale			
Ames-Holden	....	....	....	....
Asbestos	72½	....	72	....
Bell Telephone	98½	....	....	....
Canada Cement	96¾	99	97	2700
Canadian Cottons	83	....	....	500
Canada Felt	....	....	....	....
Canadian Con. Rubber	97	....	....	1000
Cedars Rapids	90	90	89	1700
Dominion Canners	90	....	....	....
Dominion Coal	94½	92½	....	....
Dominion Cotton	90	99	....	5500
Dominion Iron and Steel	97	....	87	6000
Dominion Textile ....A	97½	....	98½	250
" " ....B	97	....	98½	....
" " C	97	....	98½	1000
" " ....D	96½	....	98½	....
Lake of Woods Milling	103	103	....	....
Lyall Construction Co.	83¾	....	....	....
Montreal Light, Heat & Power	101	....	....	....
Montreal Tramways	91½	....	....	....
National Breweries	90	....	....	....
Nova Scotia Steel	90	....	....	....
Ogilvie ....A	10	....	102	....
" ....B	103	....	102	....
" C	103	....	102	....
Penmans	84½	....	84½	....

Montreal Bonds (*Continued*)	—	Asked	Bid	Sales
Price Bros.	83	85	....	£100
Quebec Railway, Light and Power	67	69	....	....
Riordon	96½	98	....	....
Steel Co. of Canada	99¼	....	....	2000
First Dominion War Loan	98¼	....	....	69100
Second Dominion War Loan	98½	96	....	20400
Winnipeg Street Railway	95	94	....	3000
Wayagamack	84	86	84	5700

Toronto Stocks	—	Asked	Bid	Sales
Ames-Holden ....pref.	....	....	....	....
American Cynamid	....	24	21	....
" ....pref.	....	59	55	....
Barcelona	....	11½	11	205
Brazilian	....	39½	39	1080
Canada Bread	....	17	15	....
" ....pref.	...	84	80	....
Canadian Car & Foundry	....	28½	27	....
" " " ....pref.	....	68	66½	50
Canadian Canners	....	....	....	55
" ....pref.	....	....	....	1
Canadian General Electric	....	107½	106¾	264
" " " ...cum. div. pref.	....	....	....	....
Canada Landed & National Investment	....	....	....	....
Canadian Life Insurance	....	....	....	....
Canadian Locomotive	....	59	....	135
" ....pref.	....	90	....	....
Canadian Pacific Railway	....	159	157	20
Canada Permanent	....	170	....	721
Canadian Salt	....	135	130	5
Canada Steamship	....	38	37¾	827
" " ....pref.	....	86¼	85¾	1230
Cement ....com.	....	58½	58¼	1385
" ....pref.	....	93½	92½	31
City Dairy	....	....	30	....
Colonial Loan	....	75	....	25
Confederation Life	....	375	350	....
Coniagas	....	....	....	....
Consumers Gas	....	....	165	50
Crown Reserve	....	....	....	....
Crow's Nest Pass	....	70	60	....
Detroit	....	114	112	....
Detroit ....rights	....	....	....	....
Dome	....	13	12½	280
Dominion Canners	5	23½	22½	....
Dominion Steel Company	....	59	58¼	2765
" " " ....pref.	....	....	....	....
Duluth Sup.	....	50	49	49
F. N. Burt	....	82	....	75
" ....pref.	....	90	89	36
Hamilton Provident	....	....	141	....
Huron & Erie	....	210½	208½	....
La Rose	....	....	....	....
Landed B. & L.	....	....	146	....
London & Canadian	....	130	129½	4
Mackay Companies	....	83¾	83	671
Mackay Companies ....pref.	....	65½	64¼	142
Maple Leaf Milling	....	105	103½	233
Maple Leaf Milling ....pref.	....	94	....	114
Monarch	....	....	40	10
Nat. S. Car	....	7½	6	8
" ....pref.	....	....	....	20
National Trust	....	212	....	10
Nipissing	....	750	725	325
Nova Scotia Steel	....	91	89½	275
Ogilvie	....	....	....	....
Pacific Burt ....pref.	....	40	38	20
" ....pref.	....	....	80	5
Petroleum	....	13	12½	275
Porto Rico	....	38	31	....
Quebec Light & Power	....	27	25	300
Riordon	....	114	112	....
Rogers ....com.	....	70	....	....
" ....pref.	....	....	90	7
Russell Motor	....	75	70	15
" ....pref.	....	....	101	40
Sawyer-Massey	....	13	....	10
Shredded Wheat	....	....	....	31
Spanish River	....	....	....	....
" ....pref.	....	50	49¼	125
Smelters	....	27	26¾	280
Standard Chemical	....	14½	12	....
Standard Chemical ....pref.	....	51	49¼	....
Steel Company of Canada	....	57	56½	1220
" " " ....pref.	....	93	92	131
Toronto General Trust	....	212	....	....
Toronto Mortgage	....	....	138	....
Toronto Paper	....	88	87	134
Toronto Railway	....	76¾	75	134
Trethewey	....	....	....	....
Tucketts	....	20	18	....
" ....pref.	1¾	79	78	....
Winnipeg Electric	....	....	....	50
Twin City	....	86	85½	425
Bank of Commerce	....	188	186	155
Bank of Ottawa	....	202	....	50
Bank of Hamilton	....	191	....	9
Bank of Montreal	....	....	....	....
Bank of Nova Scotia	....	257	....	25
Bank of Toronto	....	....	....	5
Dominion Bank	....	207	....	61
Imperial Bank	....	194	....	20
Molsons Bank	....	....	183	25
Royal Bank	....	213	....	7
Standard Bank	....	208½	....	....
Union Bank	....	....	139½	23
Toronto Bonds	Last Sale			
Canada Bread	92½	92½	92	....
Canada Cement	....	....	....	500
Canada Locomotive	95	....	....	300
Penmans	89	.	86½	....
Rio (1st mort's)	81	82½	81	....
Sao Paulo, 1929	84	83	80	....
Steel Company of Canada	96½	99	98¾	....
First War Loan	98	96¼	96¾	5800
Second War Loan	98¼	96	95¾	8800
Third War Loan	....	94¾	94¼	21100

SWEDISH ASSOCIATION OF CANADA

(*Continued from page 8.*)

especially pointed out, as one of its principal purposes, the development of the relations between Sweden and Canada.

Direct Connection Suggested.

"The thought that was back of this undertaking deserves to be taken up again, if not in just the same way then in another corresponding to present conditions. It is certain that the establishment of a direct and regular line over the Atlantic is a necessary postulate for the development of the commercial intercourse between the two countries. There is already, at the present time, a direct and regular freight line between Sweden and the West Coast of America via Panama, operated by one of the Swedish Trans-Oceanic Companies whose ships go as far as Seattle and Vancouver. If this line can be operated to advantage and mutual exchange, it would be an exhortation also to create a direct line over the Atlantic between Sweden and the East Coast of Canada, and to realize this proposition, we should not wait any longer than is absolutely necessary.

"About ten years ago there was in existence, for a short while, a regular freight line between the two countries, which had been established by one of the greatest shipping companies in Sweden. The ships carried Swedish iron ore to Canada and had Canadian coal in return cargoes to Sweden. The importance of such a direct line between the two countries, from a commercial viewpoint, as well as in other directions, is too well known to the readers of *The Monetary Times* to be further stated here."

The officers of the association are:—President, Dr. David Bergstrom, consul general for Sweden, Montreal; vice-president, H. Helin, manager of the Wayagamack Pulp and Paper Company, Limited, Three Rivers, Que.; secretary-treasurer, W. Lammers, president of the Swedish Steel and Importing Company, Limited, Montreal; directors, E. Alsson, manager of the Brompton Pulp and Paper Company, Limited, East Angus, Que.; P. B. Anderson, general manager of the Swedish Importing Company, Limited, Winnipeg, Manitoba.

CANADA'S BANK CLEARINGS

The following are the bank clearings for the weeks ended May 3rd, 1917, and May 4th, 1916, respectively:—

	Week ended May 3, '17.	Week ended May 4, '16.		Changes.
Montreal	$ 96,380,501	$ 78,489,695	+	$17,890,806
Toronto	63,528,236	55,697,519	+	7,830,717
Winnipeg	100,640,605	39,144,365	+	61,496,240
Vancouver	8,004,440	6,110,271	+	1,894,169
Ottawa	6,666,546	5,677,374	+	989,172
Calgary	7,032,094	4,000 372	+	3,031,722
Hamilton	4,961,184	4,338,640	+	622,544
Quebec	4,687,170	4,195,318	+	491,852
Edmonton	2,613,848	2,352 014	+	261,834
Halifax	2,816,801	2,509,402	+	307,399
London	2,533,999	2,103,132	+	430,867
Regina	2,830,905	2,092 548	+	738,357
St. John	2,094,502	1,962,110	+	132,392
Victoria	1,737,417	1,493,200	+	244,217
Saskatoon	1,845,505	1,242,922	+	602,583
Moose Jaw	1,086,423	1,068,545	+	17,878
Brandon	694,455	535,077	+	159,378
Brantford	981,482	658,654	+	322,828
Fort William	607,472	520,726	+	86,746
Lethbridge	900,042	532,511	+	367,531
Medicine Hat	642,058	411,680	+	230,378
New Westminster	339,551	308,773	+	30,778
Peterboro'	662,073	593 685	+	68,388
Sherbrooke	686,705	534,320	+	152,385
Kitchener	565,296	662,811	—	97,515
Total	$315,539,310	$217,235,664	+	$98,304,646

Messrs. E. J. Livingstone and R. G. Fletcher have formed a partnership, to be known as Livingstone and Fletcher, with offices at 313 Temple building, Toronto. The firm will deal in government, municipal and corporation bonds.

Fourth Annual Financial Statement and Directors' Report

THE A. MACDONALD CO., LIMITED

Wholesale Grocers

HEAD OFFICE:
WINNIPEG, MANITOBA.

BRANCHES:
Port Arthur in Ontario
Moose Jaw, Saskatoon, Regina, Yorkton, Battleford and North Battleford in Saskatchewan, Lethbridge and Edmonton in Alberta.

CAPITAL:

	Authorized.	Issued.
Preferred 7% Cumulative Shares	**$3,000,000.00**	**$1,766,800.00**
Ordinary Shares	**4,000,000.00**	**3,000,000.00**

DIRECTORS:
W. P. Riley ...... Winnipeg W. H. McWilliams Winnipeg
H. W. Hutchison Winnipeg Andrew Kelly.... Winnipeg
A. Badenoch .... Winnipeg

OFFICERS:
W. P. Riley, President and General Manager.
H. C. Cowdry, Secretary-Treasurer.

BANKERS:
The Dominion Bank
The Royal Bank of Canada.

REPORT TO SHAREHOLDERS.

In presenting to you the Fourth Annual Statement showing the Assets and Liabilities of your Company for the year ended 31st December, 1916, your Directors beg to report:—

That the profits for the year after deducting all operating charges, interest on Bank Loans and Mortgage Notes, making provision for bad and doubtful debts, and writing off $11,111.02 for depreciation on motor trucks and fixtures, etc., were $219,015.28 (exceeding by $64,474.83 the profits of the previous year) from which amount was deducted $92,168.00 for depreciation on Real Estate of this Company and other property at Port Arthur, the latter representing part of your Company's investment in The Riley-Ramsey Company, Limited, leaving $126,847.28 net, as shown in balance sheet, which amount has been disposed of as follows:—

$53,004.00 has been added to "Special Reserve Account" as provided for in By-law No. 10, thereby increasing that reserve to $199,177.50.

$21,538.36 has been credited to "Deferred Charges Account" and organization expenses, leaving a balance of $13,461.64 for which provision has still to be made.

$47,304.92 has been added to the reserve against the Dominion Bond Company debt, thereby making that reserve equal to the debt of $172,304.92.

$5,000.00 has been used to write off a like book value of shares held by the Company in a fruit canning company.

The claim against the Dominion Bond Company, Limited, in liquidation, was reduced during the year by $12,074.28 realized from sale of securities held by your Company. Some additional security is still held but it is not considered to be of any immediate realizable value, neither is it expected that any dividend will be received by the ordinary creditors from the liquidator of the Dominion Bond Company, Limited. The reserve now carried against the account will be applied to offset it, and it will in future disappear from the assets of your of your Company. Ample provision has been made for all bad and doubtful accounts receivable, and in the judgment of your Directors, the figures in the balance sheet pertaining to the assets shown therein correctly indicate the realizable value thereof, with the exception of the balance of $13,461.64 of Deferred Charges, and Real Estate, which was appreciated by the promoters of your Company immediately following the purchase of the business from the former owner by $211,254.29, and for that reason the $92,168.00 of 1916 earnings were applied against Real Estate in order to bring the book values more in alignment with the correct values of the Company's property.

All mortgage indebtedness has been retired, the Bank Loans, however, show considerable increase, which is more than offset by a corresponding increase in merchandise inventory. In view of the difficulties experienced last fall in obtaining some staple lines in sufficient quantities to ensure adequate and prompt service to customers, considering too transportation difficulties and advancing markets, your Directors decided to protect the Company's trade by purchasing at the then prevailing prices, and from sources available in Canada or elsewhere additional stock sufficient to make possible prompt shipments until another season's supply would be available. This additional stock was paid for in cash, which accounts for the increased borrowings, but with a reduction in the amount of merchandise carried the borrowings will be correspondingly reduced.

The Current and Working Assets show an increase of $732,517.28 and the liabilities an increase of $533,145.67, both of which are of a temporary character, the Company's position from a liquid standpoint being improved by the difference of approximately $200,000.

In June last year your Kenora branch was closed because of insufficient business to justify its longer maintenance, the property and building being sold at an advantageous price; and in November, a new branch was opened at Regina in rented premises, where better results are being shown.

Your Directors in their report of May 2nd, 1916, recommended that authority be obtained for a reduction in the unwieldy amount of $3,000,000 representing the "Good Will" of the business, and a corresponding reduction in the common shares representing that Good Will. It was the intention of your Directors to submit to each Shareholder full details for their consideration, and if the Shareholders after considering the proposed plan of re-adjustment thought the scheme feasible and equitable to all interests concerned, further action would have been taken, but opposition developed from some Shareholders who apparently misinterpreted your Directors' motives. Your Directors, however, having made the recommendation in the best of faith, have not since changed their opinion as to the wisdom of some adjustment being made in the amount of Good Will account that would prove satisfactory to Shareholders of common and preferred stock. And further action should emanate from the Shareholders.

Deferred dividends on Preferred Shares from December, 1913, until December, 1916, at $21.00 per share, amounting to $371,028.00, have accumulated, but with such large bank obligations to provide for, it would be unwise to consider dividend disbursements at this time. Your Directors are hopeful that during the year it may be possible to resume disbursements on account of dividends, but any action in respect thereto will depend largely upon the trade for the first six months of 1917, and the amount of bank loans.

Trade prospects are encouraging and 1917 should produce excellent results for the Shareholders.

The affairs of the Company are under capable management, with close supervision and co-operation on the part of your Directors.

Submitted on behalf of the Directors,
W. P. RILEY,
Winnipeg, Man., May 1st, 1917. President.

BALANCE SHEET

The A. Macdonald Company, Limited

As of December 31, 1916.

ASSETS.

	As at December 31st, 1916.	1915.	Increase. *Decrease.
Warehouse Properties:			
Winnipeg and Branches at Appraisal Company's valuations as of December, 1912, and additions to date, less depreciation ..	$ 675,503.27	$ 752,901.49	*$77,398.22
Plant and Equipment:			
Including Office Furniture, Motor Trucks and Delivery Equipment (less depreciation)	65,137.39	68,614.92	*3,477.53
Investments:			
Outside Real Estate and Buildings	10,000.00	16,000.00	*6,000.00
Shares in Other Corporations and Advances to Subsidiary Company	224,363.81	221,378.35	2,958.46
	$ 975,004.47	$1,058,894.76	*$83,890.29

(Continued on page 48.)

Fourth Annual Statement The A. Macdonald Company, Limited (*Continued from page 46*)

ASSETS (*Continued*).

Current and Working Assets:			
Merchandise	1,517,029.83	786,391.02	730,638.81
Accts. Rec. (Customers)	952,450.36	1,033,553.24	*81,102.88
Sundry Debtors, including advances on Merchandise	72,246.93	30,030.52	42,216.41
Cash on Hand and in Banks	103,487.23	62,722.29	40,764.94
	$2,645,214.35	$1,912,697.07	$732,517.28
Other Assets:			
Dominion Bond Company, in liquidation (see reserve)	172,304.92	184,379.20	*12,074.28
Prepaid Insurance, Interest, and Stationery on hand	15,241.24	9,533.22	5,708.02
Def. Charges re organization	35,000.00	65,809.03	*30,809.03
	$ 222,546.16	$ 259,721.45	*$37,175.29
Good Will and Trade Marks	3,111,722.26	3,111,722.26	....
Grand Total Assets	$6,954,487.24	$6,343,035.54	$611,451.70

LIABILITIES.

Mortgage Indebtedness:			
Including Accrued Interest	....	$ 202,005.48	*$202,005.48
Bank Loans:			
Secured	$1,503,500.00	789,500.00	714,000.00
Trade Liabilities:			
Notes and Accounts Payable to Trade Creditors	283,171.26	262,020.11	21,151.15
	$1,786,671.26	$1,253,525.59	$533,145.67
Special Reserve:			
As provided for in By-Law No. 10	$ 146,173.50	$ 93,169.50	$ 53,004.00
Reserve:			
Re Dominion Bond Company, in liquidation	125,000.00	75,000.00	50,000.00
Merchandise Reserve (for adjustments) ..	2,995.20	....	2,995.20
Surplus:			
Profit and Loss Credit	126,847.28	154,540.45	*27,693.17
	$ 401,015.98	$ 322,709.95	$ 78,306.03
Capital Stock:			
Preferred	1,766,800.00	1,766,800.00	
Common	3,000,000.00	3,000,000.00	
(Dividend on Preferred Shares have been paid to December 31st, 1913)			
Grand Total Liabilities	$6,954,487.24	$6,343,035.54	$611,451.70

Contingent Liabilities Under Guarantee $48,000.00
Sight bills under discount 10,211.92

*The figures with (*) indicate decrease.

To the Shareholders,
The A. Macdonald Company, Limited.

We have audited the accompanying Balance Sheet as at December 31st, 1916, with the books and accounts of the Company. We have obtained all the information and explanations that we have required. In our opinion the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Company, as at December 31st, 1916, and as shown by the books.

(Signed) MARWICK, MITCHELL, PEAT & CO.,
Winnipeg, Man., February 13th, 1917. Chartered Accountants.

UNLISTED SECURITIES

Quotations furnished to The Monetary Times by A. J. Pattison Jr., & Co., Toronto (Week ended May 9th, 1917.)

	Bid	Ask		Bid	Ask		Bid	Ask		Bid	Ask
American Natural Gas..	....	1.10	Chapman Ball Bearings.	30	40	London Loan & Savings.	97	110	Standard Reliance Loan	45	48
Abitibi Power...... com.	....	62	Continental Life.........	20	26	Can. Rolling Mills...com.	....	95	Steel & Radiation..bonds	....	68
Atlantic Sugar......com.	10	13	Cockshutt Plow Co.pref.	....	67	Imperial Oil	375	415	North Crown Bank.. ..	....	95
" ......pref.	38	42	Carriage Factories..pref.	....	60	Mutual Steamships, 6's..	96	....	Trust & Guarantee......	87	91
Alberta Pac. Grain..pref.	....	96	Crown Life..............	80	....	Matthews-Blackwell com	26	....	Toronto Paper, 6% bonds	89	....
Anglo-French 5% bonds..	92.50	93.50	Dom. Po'er & Trans com.	61	65	MaritimeCoal & Rly.com.	13	17.50	Tooke Bros......... pref.	....	80
Belding Paul.......com.	....	18	" " " pref.	95	98	" " " bonds	....	73	Univ. Steel & Tool..com.	....	35
Eastern Car, 6's....pref.	....	72	Dom. Permanent Loan..	70	73	Met. Shin. & Sid.. ..pref.	....	65	Northern Elec. 6's.......	95	....
Black Lake.........bonds	26	28	Crown Trust Co..........	....	95	Monterey Ry. L. & P.pref.	10	....	Wabbaso Cotton....com.	28	32
Brompton Paper........	49	50	Dunlop Tire ....pref.	92	98	Monarch Life Assur.....	....	25	Western Assur..........	....	6.75
Canada Salt, 6's.........	....	97	Dom. Steel & F'dry.com.	142	152	Morrow Screw, 6's......	85	90	Prudential Trust	...	75
Canada Machinery, 6's..	70	80	" " " pref.	89	92	North American Pulp....	5	5.25	Steel & Radiation...com.	....	30
" " pref.	40	49	Dom. Sugar........com.	80	....	Nova Scotia Stl. 6% deb.	....	97	" " ...pref.	....	65
Canada Fair. Morse.pref.	....	97	Can. Crock'r Wh'er..pref.	90	....	Ont. Pulp Bonds.........	85	....	Sterling Coal Bonds.....	40	....
Canadian Marconi.......	1.75	3	Montreal Tram. Power..	34.50	36	Otis-Fenson Elev...pref.	90	97	Volcanic Oil............	120	130
Canadian Mortgage......	86	94	Home Bank..............	.64	66	People's Loan & Savings	85	90	Carriage Factories..com.	12	14
Canadian Oil........com.	38	42	Howard Smith Pap. pref.	....	80	National Drug......pref.	....	98	....	....	....
" " pref.	89	....	Imper. Steel & Wire.pref.	4.75	6.50	Provincial Paper....com.	50.50	52	....	....	....
Canadian Westinghouse.	118	125	" " " com.	.75	1.50	Russian Govt. 5½% bds..	26	26.50	....	....	....
Carter Crume.......pref.	68	....	Interlake Steamships, 6's	96	....	Sovereign Life Assur....	....	25	....	....	....

Statistics relating to Dominion Savings Banks, Post Office Savings Banks, National Debt, Building Permits Compared, Index Numbers of Commodities, Trade of Canada by Countries, and Preliminary Monthly Statement of Canada's Trade appear on this page once a month as issued by the various Government departments.

PRELIMINARY STATEMENT OF THE TRADE OF CANADA FOR MARCH

	Month of March			Twelve Months ending March		
	1915	1916	1917	1915	1916	1917
	$	$	$	$	$	$
IMPORTS FOR CONSUMPTION.						
Dutiable Goods........	23,751,511	34,780,853	54,571,450	279,717,254	289,332,729	461,708,206
Free Goods........	16,659,873	27,253,752	47,764,436	175,654,117	218,450,632	383,622,697
Total imports (mdse.)........	40,411,384	62,034,605	102,335,886	455,371,371	507,783,361	845,330,903
*Coin and bullion........	446,795	531,383	1,632,950	131,992,992	34,260,202	28,081,120
Total imports........	40,858,179	62,565,988	103,968,836	587,364,363	542,043,563	873,412,023
Duty Collected........	8,557,853	12,171,984	17,072,390	79,183,489	103,929,426	147,623,250
EXPORTS.						
Canadian Produce—The mine........	5,997,010	8,004,843	9,980,711	51,740,989	66,589,861	85,616,907
The fisheries........	2,065,564	2,054,493	2,373,258	19,687,068	22,377,977	24,889,253
The forest........	3,440,941	3,247,691	3,614,385	42,650,683	51,271,400	55,907,209
Animal produce........	5,476,249	3,826,681	14,809,941	74,390,743	102,882,276	127,795,468
Agricultural produce........	12,438,145	17,852,426	21,962,252	134,746,050	249,661,194	373,413,701
Manufactures........	15,600,790	47,013,766	69,239,486	85,539,501	242,034,998	477,399,676
Miscellaneous........	100,223	1,614,338	435,280	663,802	6,792,932	6,353,554
Total Canadian produce........	45,118,922	88,414,238	122,415,313	409,418,836	741,610,638	1,151,375,768
Foreign produce........	2,770,416	1,165,910	4,109,698	52,023,673	37,689,432	27,835,332
Total exports (mdse)........	47,889,338	89,580,148	126,525,011	461,442,509	779,300,070	1,179,211,100
Coin and bullion........	21,793,481	192,274	228,927	29,366,368	103,572,432	196,547,048
Total exports........	69,682,819	89,772,422	126,753,938	490,808,877	862,872,502	1,375,758,148
AGGREGATE TRADE.						
Merchandise........	88,300,722	151,614,753	228,860,897	916,813,880	1,287,083,431	2,024,542,003
Coin and bullion........	22,240,276	723,657	1,861,877	161,359,360	137,832,634	224,628,168
Total trade........	110,540,998	152,338,410	230,722,774	1,078,173,240	1,424,916,065	2,249,170,171

*NOTE.—It will be noted that the figures relating to the imports and exports of coin and bullion for the twelve months ending Mar., 1917, were: imports 1915, $131,992,992; 1916, $34,260,202; 1917, $28,081,120; and exports 1915, $29,366,368; 1916, $103,572,432; 1917, $196,547,048. Although it has been customary to include these figures in trade returns, the total trade figures are seriously disturbed by them in this instance and they should not be taken as an indication of the trade of Canada.

A. MACDONALD COMPANY

An interesting indication of commercial conditions in Western Canada is furnished by the report of the A. Macdonald Company, Limited, of Winnipeg, which appears on another page. For the past two years the company's record compares as follows:—

	1916.	1917.
Net earnings	$ 154,540	$ 219,015
Total assets	6,343,035	6,954,487
Current assets	1,912,697	2,645,214
Mortgage indebtedness	202,005	....
Bank loans	789,500	1,503,500
Accounts payable	262,020	283,171

From the profits of $219,015 the sum of $92,168 was set aside for depreciation, $53,004 added to special reserve account, $21,538 credited to deferred charges account, $47,304 added to the reserve against Dominion Bond Company debt and $5,000 used to write off book value of shares held.

With regard to current and working assets, these show an increase of $732,517 and the liabilities an increase of $533,145, both of which are stated to be of a temporary character.

Mr. W. P. Riley, president of the company, in his remarks, drew attention to the fact that the company's mortgage indebtedness has been retired. Bank loans were more than offset by a corresponding increase in merchandise inventory. He added that trade prospects were encouraging.

Mr. Riley, the directors and officials during the past few years have had much difficult work in directing the company through a critical period, due to the mistakes of their predecessors, but their care has enabled the company to emerge satisfactorily, and it is now making good progress.

Mr. R. H. Arakell, manager of the Merchants Bank, of Hamilton, has been elected chairman of the Hamilton Clearing House Association, and Mr. W. J. Dawson, manager of the Union Bank, vice-chairman. Mr. A. C. Rowe is the manager and secretary-treasurer.

MAY FIRES

Chatham Head, N.B.—May 3—Mr. J. Maloney's oil shed.

Edmonton, Alta.—April 28—Twin City Mine buildings. Loss, $2,200.

Glace Bay, N.S.—May 1—Mr. T. Campbell's residence, Commercial and Catherine Streets.

Hamilton, Ont.—May 5—Highfield school. Loss, $12,000; insurance, $12,000.

Hoath Head, Ont.—April 27—Mr. N. Macdonald's farm residence. Loss, $2 000.

Listowel, Ont.—May 7—Dr. Moore's livery stables, Inkerman Street. Cause unknown.

Montreal, Que.—May 8—Duchess Shoe Company's plant, Craig and Beaudry Streets. Loss, $80,000. Cause unknown.

Wingham, Ont.—May 7—Mr Lane's residence, Minnie Street. Cause, incubator lamp exploded.

DIVIDENDS AND NOTICES

THE CANADIAN BANK OF COMMERCE

DIVIDEND NO. 121

Notice is hereby given that a quarterly dividend of 2½ per cent. upon the capital stock of this Bank has been declared for the three months ending 31st May next, together with a bonus of one per cent., and that the same will be payable at the Bank and its Branches on and after Friday, 1st June, 1917. The Transfer Books of the Bank will be closed from the 17th to the 31st of May next, both days inclusive.

By Order of the Board,

JOHN AIRD,
General Manager

Toronto, 20th April, 1917.

UNION BANK OF CANADA

DIVIDEND NO. 121

NOTICE is hereby given that a Dividend at the rate of eight per cent. per annum, upon the Paid-up Capital Stock of the UNION BANK OF CANADA, has been declared for the current quarter, and that the same will be payable at its Banking House, in the City of Winnipeg, and also at its Branches, on and after Friday, the 1st day of June, 1917, to Shareholders of record at the close of business on the 16th day of May next.

The Transfer Books will be closed from the 17th to the 31st day of May, 1917, both days inclusive.

By Order of the Board,

H. B. SHAW,
General Manager.

Winnipeg, April 19th, 1917.

DOMINION TEXTILE COMPANY, LIMITED

NOTICE OF DIVIDEND

A dividend of one and three-quarter per cent. (1¾%) on the Common Stock of the **Dominion Textile Company, Limited,** has been declared for the quarter ending 30th June, 1917, payable July 3rd, 1917, to shareholders of record June 15th, 1917.

By order of the Board.

JAS. H. WEBB,
Secretary-Treasurer.

Montreal, 7th May, 1917.

ILLINOIS TRACTION COMPANY

NOTICE OF DIVIDEND NO. 17

A Quarterly Dividend at the rate of Three per cent. (3%) per annum on the Common Stock of the Illinois Traction Company has been declared for the Quarter ending April 30th, 1917, payable May 15th, 1917, to Shareholders of record May 1st, 1917.

By order of the Board,

GEO. M. MATTIS,
Champaign, Ill. Treasurer.

THE ROYAL BANK OF CANADA

DIVIDEND NO. 119

Notice is hereby given that a Dividend of Three per cent. (being at the rate of twelve per cent. per annum) upon the Paid-up Capital Stock of this Bank, has been declared for the current quarter, and will be payable at the Bank and its Branches on and after Friday, the first day of June next, to Shareholders of record of 15th May.

By order of the Board,

C. E. NEILL,
General Manager.

Montreal, Que., April 17th, 1917.

LAKE OF THE WOODS MILLING COMPANY, LIMITED

DIVIDEND NOTICE

Notice is hereby given that quarterly dividends of 1¾% on the Preferred Stock and of 2% on the Common Stock of Lake of the Woods Milling Company, Limited, have been declared, payable on June 1st, 1917, to Shareholders of record at the close of business on Saturday, May 26th, 1917.

By order of the Board.

R. NEILSON,
Secretary.

BANK OF MONTREAL

Notice is hereby given that a Dividend of two-and-one-half per cent. upon the paid-up Capital Stock of this Institution has been declared for the current quarter, also a Bonus of one per cent., both payable on and after Friday, the first day of June next, to Shareholders of record of 30th April, 1917.

By order of the Board,

FREDERICK WILLIAMS-TAYLOR,
General Manager.

Montreal, 24th April, 1917.

DEBENTURES FOR SALE

TOWN OF WELLAND

DEBENTURES FOR SALE

Marked sealed tenders will be received by undersigned up to twelve o'clock noon, May 17th, 1917, for

Debentures, Town of Welland, Hydro-Electric System, $40,000, 5½%, half-yearly interest, 20 years, Sinking Fund, $1,000.00 each.

Particulars on application.

The highest or any tender not necessarily accepted.

JEAN T. ROBERTSON,
Treasurer.

NEW ONTARIO SHIPBUILDING COMPANY

The Welland Shipbuilding Company, Limited, will shortly begin the manufacture of steel freighters at Welland, and it is expected that the first deliveries will be made before the close of navigation for the present season. The company has been incorporated with a capital stock of $200,000. The shipyards and machine shop of M. Beatty and Sons, Limited, have been leased for a term of years, and rights have been secured from the department of railways and canals for the building of an additional slip on the Welland Canal. Work will be started soon on the building of an extension to the shops in order to accommodate the work to be undertaken. About 100 men will be employed at the start. The freighters to be built will be of steel, and of 3,000 tons capacity, fitted for either lake or ocean traffic. The stockholders include Mr. F. H. Keefer, K.C., of Thorold; Messrs. W. Davidson, Leonard, H. M. Balfour, and H. F. J. Estrup.

The following companies, with Saskatchewan charters, have increased their capital stock: The Elfros Rural Telephone Company, Limited, from $540 to $1,140; Swift Current Grocery Company, Limited, from $100,000 to $200,000.

According to provincial treasurer Hon. T. W. McGarry, the province of Ontario has collected up to January 1st of this year some $3,900,000 on account of war taxes due by the municipalities to the province. The government up to March had spent $4,000,000 on war purposes.

WESTERN
Assurance Company

INCORPORATED 1851

FIRE, EXPLOSION, OCEAN MARINE & INLAND MARINE INSURANCE

Assets .... over $5,000,000.00
Losses paid since organization " 66,000,000.00

BOARD OF DIRECTORS:

JOHN AIRD
ROBT. BICKERDIKE, M.P.
W. R. BROCK, President
ALFRED COOPER (London, Eng.)
H. C. COX
D. B. HANNA
E. HAY
JOHN HOSKIN, K.C., LL.D.
Z. A. LASH, K.C., LL.D.
W. B. MEIKLE, Vice-President
GEO. A. MORROW
LT.-COL. the HON. FREDERIC NICHOLS
BRIG.-GEN. SIR HENRY PELLATT, C.V.O.
E. A. ROBERT (Montreal)
E. R. WOOD

Head Office: TORONTO, Ont.

W. R. BROCK, President — W. B. MEIKLE, Vice-President and General Manager — C. C. FOSTER, Secretary

Fidelity (Fire) Underwriters
OF NEW YORK

Policies assumed half by the Fidelity-Phenix Fire Insurance Company and half by the Continental Insurance Company.

COMBINED ASSETS EXCEED
FIFTY THREE MILLION DOLLARS

"The Best on the Continent"

HEAD OFFICE FOR CANADA AND NEWFOUNDLAND:
17 St. John Street,
MONTREAL

W. E. BALDWIN, Manager. — JOS. ROWAT, Asst. Manager

British Northwestern Fire Insurance Company

Head Office .... WINNIPEG, Can.

Subscribed Capital $594,400 — Capital Paid-up $242,000
Security for Policyholders $677,000

EDWARD BROWN, President — E. B. HALL, Vice-President

F. K. FOSTER, Managing Director

ATLAS
Assurance Company, Limited
OF LONDON, ENGLAND

The Company commenced business in the **REIGN OF GEORGE III.** and the following figures show its record:—

At the Accession of		Income		Funds
KING GEORGE IV.	...	$ 387,065	...	$ 800,605
KING WILLIAM IV.	...	657,115	...	3,038,380
QUEEN VICTORIA	...	789,865	...	4,575,410
KING EDWARD VII	...	3,500,670	...	11,185,405
KING GEORGE V.	...	6,846,895	...	15,186,090
and at 31st DECEMBER, 1915	...	7,757,140	...	19,953,150

In addition the Company has a Subscribed Capital of Eleven Million Dollars (of which $1,320,000 is paid up).

Agents wanted in unrepresented districts.

Head Office for Canada, 260 St. James St., MONTREAL
MATTHEW C. HINSHAW, Branch Manager

THE DOMINION OF CANADA GUARANTEE & ACCIDENT INS. CO.

Accident Insurance — Sickness Insurance — Plate Glass Insurance
Burglary Insurance — Automobile Insurance — Guarantee Bonds
The Oldest and Strongest Canadian Accident Insurance Company
Toronto — Montreal — Winnipeg — Calgary — Vancouver

UNION ASSURANCE SOCIETY LIMITED

(FIRE INSURANCE SINCE A.D. 1714)

Canada Branch .... Montreal
T. L. MORRISEY, Resident Manager

North-West Branch .... Winnipeg
THOS. BRUCE, Branch Manager

MARTIN N. MERRY, General Agent — TORONTO
Agencies throughout the Dominion

Waterloo Mutual Fire Insurance Company

ESTABLISHED IN 1863

Head Office, Waterloo, Ont.

Total Assets 31st December, 1915.................$908,244.00
Policies in force in Western Ontario, over 30,000.00

GEORGE DIEBEL, President. — ALLAN BOWMAN, Vice-President.
L. W. SHUH, Manager. — BYRON E. BECHTEL, Inspector.

THE LAW UNION & ROCK INSURANCE CO., Limited

OF LONDON — Founded in 1806

Assets exceed $48,000,000.00 — Over $12,500,000.00 invested in Canada
FIRE and ACCIDENT RISKS Accepted
Canadian Head Office: 57 Beaver Hall, Montreal
Agents wanted in unrepresented towns in Canada.

W. D. Aiken, Superintendent Accident Department — J. E. E. DICKSON, Canadian-Manager

SUN FIRE

FOUNDED A.D. 1710

THE OLDEST INSURANCE CO. IN THE WORLD

Canadian Branch ... Toronto

LYMAN ROOT, Manager

Economical Mutual Fire Ins. Co. of Berlin

HEAD OFFICE ... . BERLIN, ONTARIO

CASH AND MUTUAL SYSTEMS
TOTAL ASSETS, $725,000 — AMOUNT OF RISK, $27,000,000
GOVERNMENT DEPOSIT, $50,000

JOHN FENNELL, President — GEO. G. H. LANG, Vice-President — W. H. SCHMALZ, Mgr.-Secretary

The LONDON ASSURANCE

Head Office, Canada Branch, MONTREAL

Total Funds $20,000,000

Established A.D. 1720. — FIRE RISKS accepted at current rates

Toronto Agents .. . S. Bruce Harman, 19 Wellington St. East

STEEL AND RADIATION, Limited

SIXTH ANNUAL REPORT

PRESIDENT'S ADDRESS

To the Shareholders:—

THE most gratifying feature in connection with the operations of the Company during the year 1916 has been the increase in the Sales of its Heating Product, Boilers and Radiation, and also of the Fenestra Sash and Expanded Metal. This increase amounts to 30 per cent.

The War has brought increased trade to Canada; there has been great industrial activity in the making of munitions of war, labor has received higher wages, and money has accumulated; these benefits are not transitory, they will assist in developing the business of the Dominion along sound lines.

When the War is over and the men are released from munition factories and the soldiers return to Canada, there will be a readjustment of trade conditions, the old lines will be resumed upon an enlarged basis, and new channels of trade will be opened, and the business community will accommodate itself to altered conditions with the same rapidity that it fell into the making of munitions of war when other businesses were on the decline.

I have confidence that during the present year there will be a further increase in the Sales of Heating Product and that when the War is over there will be a speedy resumption of the building trade, which will restore the Sales to normal and very soon place the Company in a stronger position than it occupied before.

It is impossible to read the yearly Statements of the large industrial concerns throughout the Dominion without being impressed with the volume of trade now being carried on; take, for instance, in the Steel Industry in which I am interested, the unfilled orders exceed the total capacity of the Plant for the whole of the current year, running into next year—this business cannot all be munitions of war, a large part of it is in respect to the general trade of the country, and will continue after the War is over.

I have been making enquiries recently with regard to the building trade, in which we here are specially interest, and I am told by those whom I consider the best authorities on the subject that things are improving, and that the deadness of the past three years is passing away, and that trade is coming to life again. One Architect informed me that there was more business in contemplation and enquiries being made than at any time since the outbreak of the War, also that there is an increased demand for rented houses, especially those of the better class, and that actual sales of dwellings were being made in considerable quantities, the favored class being those between $10,000 and $20,000 in value. There are many other signs, but the indications I have given are, I think, sufficient to justify a reasonable optimism with regard to the future of our business.

Full particulars of the Shell Contracts will be found in the Report of the Management on a subsequent page, from which it will appear that these operations have been conducted upon a fairly large scale, and in a manner which has been satisfactory to the Munitions Board.

We have made altogether nearly half a million Shrapnel Shells, 100,000 18-pounder High Explosives, 50,000 4.5 Howitzers and over 50,000 6-inch High Explosive Shells.

The cost of the machinery and equipment for the installation of these Plants has been considerable, and we cannot say what profit there will be until the Contracts have all been finally completed at the close of the War. My own opinion is that we were justified in undertaking this business and will be able ultimately to show a reasonable profit.

The general result of the Company's business for the year 1916 is satisfactory, the total Profits from all operations being $372,319.18, which, after deducting interest on borrowed money, including Bond Interest of $68,717.85, leaves a Net Profit of $303,601.33. From this sum we have made provision of $100,000 towards Depreciation of Permanent Plants and Equipment and $100,000 towards Amortization of Munitions Plants and Equipment. We have also paid a dividend of 7 per cent. on the Preferred Stock for the year ending 31st December, after which there is a credit, as shown by the Balance Sheet, of $50,668.54.

In my remarks in our last Annual Statement I called attention to the increase in our Current Assets for the year 1915. I am glad to say that this favorable condition has been maintained.

HENRY M. PELLATT, President.

BALANCE SHEET AT 31st DECEMBER, 1916

ASSETS

CAPITAL ASSETS—				
Goodwill, Patents and Trade Marks:				
Balance 1st January, 1916			$2,030,546.46	
Real Estate and Buildings situate Toronto and St. Catharines:				
Balance 1st January, 1916		$ 642,055.04		
Additions during year		930.45		
			642,985.49	
Plant, Machinery, Patterns and General Equipment:				
Balance 1st January, 1916:				
Permanent Plants	$584,759.06			
Munition Plants	204,311.67			
		$ 789,070.73		
Additions During Year:				
Permanent Plants	$ 6,561.52			
Munition Plants	299,803.42			
		306,364.94		
			1,095,435.67	
				$3,768,967.62
CURRENT ASSETS—				
Inventories of Raw Material, Supplies, Finished and Partly Finished Product, Stocks on Consignment, Advertising and Stationery, at or below cost, as certified by responsible officials of the Company			$ 360,711.54	
Prepayments on Future Deliveries			1,369.91	
Sundry Debtors:				
Trade Accounts Receivable		$ 293,876.84		
Deduct: Provision for Allowances, etc., and Doubtful Accounts		38,079.67		
		$ 255,797.17		
Advance		222.48		
Advances to Officers of Company and Salesmen's Balances		421.38		
			256,441.03	
Cash at Banks and on hand at Head Office and Branches			3,418.05	
				621,940.53
DISCOUNT AND EXPENSE ON BOND ISSUE:				
Balance 1st January, 1916			$ 51,525.45	
Deduct: Proportion written off			4,000.00	
				47,525.45
DEFERRED CHARGES TO OPERATIONS—				
Insurance Premiums unexpired and other prepayments				4,786.45
				$4,443,220.05

(Continued on page 54.)

STEEL AND RADIATION, Limited—*Continued from page 52.*

CAPITAL AND LIABILITIES

CAPITAL STOCK—			
Seven per Cent. Cumulative Preferred Stock: Authorized, 20,000 Shares of $100.00 each	$2,000,000.00		
Whereof Issued, 6,647 Shares Fully paid		$ 664,700.00	
Common Stock: Authorized, 30,000 Shares of $100.00 each	$3,000,000.00		
Whereof Issued, 18,617 Shares fully paid		1,861,700.00	$2,526,400.00
SIX PER CENT. FIRST MORTGAGE GOLD BONDS due 1st April, 1931: Authorized, 1,500 Bonds of $1,000 each	$1,500,000.00		
Whereof Issued, 1,000 Bonds of $1,000 each		$1,000,000.00	
Add: Interest accrued thereon to date	$ 15,000.00		
Coupons Unpaid	360.00	15,360.00	1,015,360.00
CURRENT LIABILITIES—			
Secured Loans		$ 139,595.98	
Notes Payable		16,777.89	
Trade Accounts Payable and Sundry Credit Balances		221,300.86	
Wages and Salaries due and accrued		35,144.73	
Dividends in course of Payment		46,529.00	459,348.46
REAL ESTATE RESERVE		$ 121,115.00	
DEPRECIATION RESERVES—			
Permanent Plants and Equipment	$ 170,328.05		
Munition Plants and Equipment	100,000.00	270,328.05	391,443.05
PROFIT AND LOSS ACCOUNT—			
Balance at Credit thereof, per Exhibit No. 2			50,668.54
			$4,443,220.05

PROFIT AND LOSS ACCOUNT for Year ended 31st December, 1916

PROFIT from Munitions and other Operations for Year to 31st December, 1916, before charging interest on Borrowed Monies			$ 372,319.18
Deduct:			
Interest, including Bond Interest			68,717.85
			$ 303,601.33
NET PROFIT from Operations for Year to 31st December, 1916,			
Deduct:			
Proportion written off Discount and Expense on Bond Issue		$ 4,000.00	
Reorganization Expense written off		2,403.79	
Provision towards Depreciation of Permanent Plants and Equipment	$100,000.00		
Provision towards Amortization of Munition Plants and Equipment	100,000.00	200,000.00	206,403.79
BALANCE			$ 97,197.54
Deduct:			
Dividend Declared on 7 per Cent. Cumulative Preferred Stock for Year ended 31st December, 1916			46,529.00
Balance, at credit, per Balance Sheet, Exhibit No. 1			$ 50,668.54

A Public Statement by the
British Columbia Electric Railway Co., Ltd.

(Continued from page 42.)

ing such a state of affairs is the appointment by the Government of a Public Service Commission, such as exists throughout the greater portion of Canada and the United States, with powers to investigate and ascertain on an equitable basis the rates which the Company should be entitled to enforce? Surely this is a more businesslike and reasonable course to adopt than the City's present proposal to violate agreements which will seriously prejudice the credit of the Province in the money markets of the world at a time when that credit can least afford such a blow.

The proposal to duplicate an existing plant developed for the supply of the City's needs for many years hence is a thoroughly unsound and wasteful expenditure, especially when the City's credit is already strained to its utmost for the purpose of providing revenue to operate the existing services and pay interest on its existing debts. This statement is confirmed by the proposed amendment to the City's Charter asking for power to enlarge their sphere of taxation and to borrow further moneys in the future.

From the foregoing, it is apparent beyond the shadow of a doubt, that—

1. A bargain was made in 1900 between the City and the Company protecting the Company from municipal competition.

2. That by far the greater portion of the $48,000,000 invested by the Company in the Province was raised from the public in Great Britain on the strength of this bargain.

3. That the City is now seeking to repudiate its portion of this bargain.

4. That the Private Bills Committee, after a lengthy and exhaustive investigation, now recommends that the City should adhere to the terms of its bargain, except that it does suggest *to the Legislature that permission should be given to the City to acquire and develop any water power, which right it does not now enjoy.*

5. That the Bill as reported by the Private Bills Committee contains the amendment first asked for by the City. The House is now asked to override the Committee and to insert amendments suggested by the City at a subsequent date to which the Committee has not given effect.

Vancouver, B.C., April 30th, 1917.