SCHOOL EXHIBITS

FOR

Centreville Exhibition

In Parishes of Wicklow, Wilmot and Kent

Best School Display	$2.50	$1.50	$1.00
Best Display of Woods	2.50	1.50	1.00
" " Botanical Specimens	2.50	1.50	1.00
" " Insects	2.50	1.50	1.00
" " Seeds	2.50	1.50	1.00

(All Maps, size 9x12)

Map of Europe (open to those above 12 years of age)	1.00	.75	.50
" New Brunswick (open to those from 8-12 years of age)	1.00	.75	.50
" Carleton (open to those up to 8 years of age)	1.00	.75	.50

(All Drawings, size 6x8)

Drawing of Painted Bunch of Flowers, Animals or Fruit (Open to those above 12 years of age)	1.50	1.00	.75
Best Drawing of Landscaps or Basket of Potatoes (Open for those from 8-12 years of age)	1.25	1.00	.75
Best Drawing of Man, Apple, Tent, Wheelbarrow and Cart (Open to those up to 8 years of age)	1.00	.75	.50

Remember to make entry for Schools to Secretary,

A. A. H. MARGISON,
East Florenceville, N. B.

WHAT HAS HAPPENED

A Concise Outline of the Trend of Events That Have Transpired in the War Zone

The British army now in France is said to number 800000 men, and to cover a front of 100 meles.

Last week the British Government took over 190 more factories for the manufacture of munitions. The total number of these ptsnts oow under the control of the ministry is 635.

The British War Office states that 843,000 married men in the Regular Army and Territortal forces are now drawing separation allowances at a cost since mobilization of £25 000,000.

Austrians in Pekin destroyed a British movie which was showing Lusitania films and carried off the film. The British Legation has applied for an order to secure redress

The Chancellor explained that he interpreted those words to mean that Britain desired the friendship of a beaten and weakened Germany as a counter influence against powerful Russia.

Capt. R. E. Owen, British Royal Engineers, son-in-law of William Jennings Bryan, has been "mentioned in orders" by Sir Ian Hamilton British Commander at the Dardanelles, for distinguished gallantry in action.

The new war loan will completely exhaust Germany's financial resources and an increase in exchequer bonds will lead to bankruptcy. Dr. Helfferich, Secretary of the Treasury is understood to have urged the need to prepare for an honorable peace.

Lord Kitchener as a youth served as a volunteer in the French army in the disastrous war of 1870 and received a medal for his services. When Kitchener recently visited the lines in France he worw this medal above all his British decorations.

During the fighting in West Africa the legs of a machine gun were shot away and two privates of the West African Fronierr Force at once stepped forward to allow themselves to be used in their place until the enemy were driven off.

The German expenditure in the war for one month is greater by over one third than the entire cost of the war of 1870, but the Secretary of the Imperial Treasury declares "the heavy burden of thousands of millions will be borne through decades by the instigators of the war and not by us."

Friction is continuing to show with in the allied camp and between nations expected to join the allies. Italy has angered Greece by seizing Aegean islands, while Greece claims and Serbia objects to the demand for the evacuation by Serbia of Albanian territory which Italy claims.

DOES THE GOVERNMENT SEEK FUNDS IN PREPARATION FOR AN EARLY ELECTION

Will Canada Lose $10,000,000 as a Result of Hon. Tom White's Financing?—A Story That Will Bear the Closest Consideration

When the Canadian Government borrows money and agrees to pay a certain rate of interest, that transaction affects every borrower, public or private, in the Dominion. For example, if the Canadian Government will pay only 3½ per cent., the Provinces will probably be able to borrow at 3¾ or 4 per cent, the municipalities at 4 or 4½ per cent., and private borrowers at 4½ or 5 per cent. The Dominion Government, according to history, can always borrow a little more cheaply than the Provinces, while the Provinces borrow a little cheaper than the cities, and the cities a little less than the private borrower.

Hence, every transaction by the Dominion Government affects the Provinces, the municipalities and the private borrowers. The Canadian Minister of Finance sets the rate at which all borrowers shall pay. If the Minister is careless or extravagant, and pays an excessive rate of interest, he forces all other borrowers to pay a higher rate. If he is frugal and a good borrower, he helps all other borrowers to get money cheaply.

To take an extreme case. Supposing we had a lazy, small-headed bungling Minister of Finance at Ottawa who borrowed money on a large scale at seven per cent. interest. The Provinces would be compelled to compete with him, and might have to pay 7½ per cent. Then the municipalities would have to compete with the Dominion and the Provinces in the money markets, and would have to pay 8 per cent. Private borrowers, say railways, traction companies, manufacturers, and so on, would be forced by competition to pay 9 per cent. Thus we see that every loan of a big nature must be made on terms which are set by the Dominion Minister of Finance.

WHY WE WENT TO NEW YORK

With these circumstances in mind, let us examine the latest exploit of the Hon. Thomas White, Canadian Minister of Finance. He is getting all the money for war expenditures from London. The British Government has agreed to help him in this respect. He has no difficulties so far as war expenditures are concerned. But if he has not enough money to pay for other expenditures, such as canals, post-offices, armories, docks, dredging, and other public services, he must borrow elsewhere.

Now, Hon. Thomas White needed forty-five million dollars to meet the deficit of the year 1915. Whether there ought to be a deficit or whether there ought not to be a deficit is not a matter to be discussed here. There is a deficit, and that deficit must be met. Therefore the Hon. Thomas White arranged with the Bank of Montreal, J. P. Morgan & Co., First National Bank and National City Bank of New York to raise the necessary forty-five million.

There can be no objection to our going to New York to borrow. It is practically the only market open to us, though the Dominion had never gone there before. The Provinces and the municipalities have been going there since the war broke out. They have borrowed over a hundred millions in that city during the past twelve months, and they also got their money at reasonable rates. Moreover, Canada is buying so much more from the United States than we are selling to that country that it was difficult to pay for all we wanted. The rate of exchange was therefore against us. A big borrowing like Mr. White contemplated would help us to restore the balance. That is, the Dominion Government would get its money, not in cash, but in credits due American firms by Canadian creditors. Thus it would be beneficial all around and prevent the necessity of sending $45,000,000 in gold to New York to pay our debts there.

HOW THE RATE WAS DECIDED

So far so good. The next point for Hon. Thomas White to consider was, "What rate of interest shall I offer the New York bankers?" In deciding this he had several points to keep in mind. In the first place, the New York bankers were anxious to see Mr. White borrow there. They were willing to make the loan. They are interested in seeing United States firms continue to sell largely in Canada, which they could not do if Canada had no money to pay for goods. It was just as vital to the United States to lend us that money as it was for Canada to get the money. Each party to the bargain was interested. Hence Mr. White must have known that the situation favored a low rate of interest.

In the second place, Mr White knew that the Ontario Government was borrowing there at five per cent. interest, and that the city of Toronto had got money there at five per cent. He would know, therefore, that he should be able to borrow in New York at 4½ or 4¾ per cent.

In the third place he had to consider what other countries were doing. Great Britain had just raised over three billions of dollars at 4½ per cent. But this interest is subject to income tax, so that the borrower would be netting between 4 and 4½ per cent. If the income tax goes up in the near future, the man who lends to the British Government will not net more than 4 per cent. Having examined this situation, Mr. White would have to decide whether the interest on his New York borrowings would be subject to any taxes. He did this and decided that they would not. It was announced that these interest payments would be "free from taxes imposed by the Dominion of Canada, including White's promise not to tax these interest payments himself, but he will not let any one else tax them. Thus whatever interest the United States investor got would be "net." As the British Government was paying about 4 per cent. net, the Dominion Government should pay about 4½ per cent. net.

THE GENEROUS TERMS OFFERED.

These are the preliminary figures. Now let us see what Hon. Thomas White actually did. He agreed to take $45,000,000 from the New York bankers, and give 5 per cent, gold notes as follows:

$25,000,000 due August 1st, 1916
$20,000,000 due August 1st, 1917

He agreed to pay the interest half-yearly on February 1st and August 1st. He agreed to pay the interest in United States gold in New York City He agreed that these notes should be convertible, at the option of the holder, at any time prior to three months before maturity, into twenty year five per cent. bonds of the Dominion of Canada, par for par, to be free from any right of prior redemption. Further he agreed to take this loan at the following prices.

The one year note at 100 and interest.

The two year note at 99½ and interest.

Finally he agreed to pay the New York bankers ¾ of one per cent. commission on the proceeds.

This was all he agreed to do. Yet when one figures it out, no other bonuses were necessary. Five per cent. interest for the gold bonds of the finest British Government, no taxes, half-yearly interest, payable interest and principal in gold, convertible into twenty-year bonds at option—what more could the keenest Yankee want? And he didn't want any more. As a matter of fact, that forty-five million loan was taken up in five minutes. The books opened, the investors yelled "We take it," and the books closed. It was the swiftest sale of bonds ever made in the history of the world,

It was easy money for the bankers. Their commission amounted to $336,750, and they earned it in five minutes. Of course, that wasn't much among five of them, but it would buy quite a few dinners at the Waldorf. It would pay the rent of the five institutions for two or three months at least.

Then the vital question comes, "Why did the United States investor grab that issue as if he were getting gold dollars for ninety cents?" The only possible answer is that the Hon Thomas White agreed to pay five per cent. when he could have got the money for 4½ per cent. There cannot possibly be any other answer.

Now, let us see what Canada lost. The interest on $25,000,000 for one year at five per cent., and on $20,000,000 for two years at the same rate is $250,000. The interest at 4½ per cent. would be $2,925,000. Mr. White, therefore, cost Canada $025,000 by a mistake in judgment.

There seems to be no possible defence. He knew that the credit of the Dominion was better than that of the Provinces or the city of Toronto, and that these authorities had borrowed at five per cent. He knew that Great Britain had just borrowed at about four per cent. net. He knew that the United States bankers have more money than they know what to do with, and that they realize that they must lend to Canada to keep up their sales in this country. All these facts were known to every financial writer and every financial broker in Canada, and hence should have been known to the Minister of Finance. All these facts were public facts.

Then who did Mr. White promise to pay such a high rate?

WHAT WILL BE THE GENERAL EFFECT?

Finally think what this means to Canada. Suppose the Provinces and the municipalities want to borrow another hundred millions in New York during the next year, what will happen? The bankers of New York, having found Mr. White an easy victim, will hold up the smaller borrowers. They will demand 5½ per cent. as sure as fate. Think of the loss that will mean?

Figure it out for your selves. The various borrowers want a hundred millions for an average of five years. They pay 5½ per cent. instead of five per cent. What will it amount to? The answer is, two and a half million dollars.

But there is another way to look at it. Mr. White decides to pay five per cent., and he invites tenders. J. P. Morgan & Co., offer to buy the bonds at 99¾, another firm offers 101, another offers 102½, and another offers 104¾. Who will get it? The firm that offered 104¾, of course. In that case, instead of getting $44,563,250 for his forty-five million dollars' worth of bonds, Mr. White would have got about $47,250,000, or nearly three millions more than he actually got.

There are financial men who believe, rightly or wrongly, that Mr White could have got two and a half millions more for his bonds than he did get. The test of their belief will be the selling price of these bonds three months hence. If they are then selling at 104, or thereabouts, then these men will be right.

The financiers who claim that Mr. White lost two and a half million dollars have no animus against him. But the fact remains, that the financial world, rightly or wrongly, is laughing. Canada cannot afford in these days to be laughed at.

Probably the only way to get at the truth would be to call a special session of Parliament and have the whole financial situation discussed. There are other rumors equally grave in the air. A special, non-partisan session, at which those who have complaints could air them and answers could be given, might be the best remedy for the situation. If there is no extravagance at Ottawa, these rumors should be stopped. They cannot be aired except on the floor of the House of Commons, and therefore, a special session seems advisable.

THE KAISER'S LAST PRAYER

Got, Got, Dear Got, attentions,
blease,
Your partner Villiam's here;
Und has a vord or two to say
Into your brivate ear.
So, durn avay all udders now
Und listen vell to me,
For vat I may concerns me much—
Meinself und Shermany.

You know, dear Got, I vas your
vriend;
Und from mien hour of birth
I hef shust let you rule in Heffen
Vile I ruled all the earth;
Und ven I told mein soldiers
Of bygone battle days
I gladly split the glory
Und gif you half the braise.

In efry vay I dried to prove mein
heart to you vas true,
Und only glaimed mein honest share
in great deeds vot we'd do;
You could not haf a better vriend in
sky or land or sea
Dan Kaiser Villiam number two, de
Lord of Shermany.

So vot I say, dear Got, is dis—dot ve
should still be vriends,
Und you should help to send my foes
to meet their bitter ends.
If, dear Got, you will dis me do, I'll
nothing ask again,
Und you and I vill bartners be, for
efermore—Amen!

But listen, Got, it must be quick,
your help to us you send,
Or else I have to stop attack, und
only blay defend,
So four and twenty hours I gif, to
make the Allies run,
Und put me safe into mein blace,
the middle of de sun!

If you do dis, I'll do my part; I'll
dell de vorld der fact;
But if you don't den I must dink, it
is a hostile act.
Der var at vounce I will declare, und
in mein anger rise,
Und send mein Zeppelin ships t
wage a fight up in the skies!

Dis ultimatum now, dear Got, iss
von of many more,
Mein mindt iss settled up to clean
der whole voridt off the floor,
Because you vas mein bartner an extra chance is giffen.
So help at vounce, or else I'll be the
Emperor of Heffen.

LIBERAL SWEEP

(continued from page six)

expressed that the Liberal Party and the House will agree to it and that the Liberal press will do no snarling on the side.

Along with this scheme to get the inside position, goes the faint outline of the policy on which the Government may appeal to the country—namely closer Imperial relations. This policy is based on the fact that Premier Borden was an invited guest at an Asquith Cabinet meeting, just as Lloyd George was an invited guest at a Ross Cabinet meeting on his last visit to Canada. Although no change of Imperial relations followed, this act of courtesy toward Lloyd George, some of the Conservative Party managers think, that the Borden incident ought to be of considerable value in a General Election. It may be that the closer Imperial relations consist of having a Canadian Cabinet Minister as High Commissioner in London—this has long been a hobby of Premier Borden's—but in any event the idea would give rise to a fine flow of sentiment and would serve well as a party slogan. There would be no harm in trying it and perhaps some advantage.