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"That's nothing. My 6-year-old kid can name every star you ever saw on the screen."

Something Just as Good.

That doctor who said there is no such thing as rheumatism will not deny that there are a number of very disagreeable things which go under that name.

GENERAL FOCH WAS READY FOR THE GERMAN OFFENSIVE

Had Knowledge of the Enemy's Intention to Attack on the Marne Front Ten Days Before the Blow was Struck---Employed the Interval in Making Preparations to Meet It---Paris no Longer Threatened.

(Toronto Globe)

Whether the German retreat ends along the line of the Vesle or on the heights of the Aisne—as in the campaign of 1914—it is recognized by the military writers or reputed that the threat to Paris is at an end, and that no other great German offensive is to be anticipated this season in the region between the Somme and the Marne. In a very sense the Forests of Compeigne and Villers-Cotterets have saved the French Capital. Foch has used these great wooded areas twice for the concentration of troops intended to be employed in counter-attacks against the enemy in full career toward Paris. By so doing he was adapting for his own purposes the methods followed by Ludendorff in staging the two principal German attacks of the year—that of March 21st, launched from the heavily-wooded region between St. Quentin and La Fere, and that of May 27th, in which the masses of Germans used in the battle of the Aisne were again assembled secretly in the Forest of St. Gobain and in the neighboring Forest of Pinon.

Foch utilized the Compeigne Forest for concentration in the counter-attack along the Matz during the battle of the Oise. That counter-attack brought the German advance to an end and saved Compeigne after the city had been evacuated by its civilian population and preparations had been made to fall back upon unprepared positions in the forest. The success of the Oise counter-attack evidently encouraged Foch to try for another surprise followed upon a secret concentration. It has been stated officially that the French Intelligence Department had knowledge of the German intention to strike against the Champagne and Marne fronts ten days before the enemy attacked. Even the hour set for the assault was known. The interval was employed, as we now understand, in small operations designed to clear the Germans well back from the Forest of Villers-Cotterets, wherein preparations were being made for the rapid concentration of the army to be used in striking at the right flank of the Germans after the Crown Prince had involved

CANADIANS SEEING THINGS IN SCOTLAND

"I guess you haven't got any house wrecking companies in Scotland!"

The speaker was an unsentimental soldier. He had been gazing at the venerable pile of Edinburgh Castle from the window of the Y. M. C. A. on Princess Street where he was spending a brief furlough.

He was one of a party of 60 Canadians who had journeyed north to have a glimpse of the country of their forebears. Captain Finland, Canadian Y. M. C. A. officer in Edinburgh, had met them at the station and distributed them amongst the Overseas Club, the Y. M. C. A. and creditable lodgings.

A feature of the work for the large number of Canadians touring Scotland on leave is the Y. M. C. A. Hospitality League, an organization of hostesses throughout the country who open their doors to the men from overseas. Food difficulties and the servant problem have combined to curtail somewhat the generosity of the League hitherto, but these problems having abated to a certain extent, an ever-increasing number of soldiers are being entertained. Men direct from the front prize above everything else this opportunity of tasting once more the joys of the domestic circle of sharing the solace of the pipe of peace and settling down in a comfy seat by the window or fireside.

Nearly 60 per cent of the men going on leave visit Scotland, and Captain Finland has linked up with all the local Y. M. C. A.'s from Gretna Green to John O'Groats so that any soldier who desires it may enjoy a furlough of organized sight-seeing, social pleasures and entertainments.

It is found that a large majority of Canadians desire an insight into agricultural methods, and these are sent to the best farms in the Lothians Fife-shire and Aberdeenshire. The aim throughout of Captain Finland and his staff of assistants and guides is to ensure that the individual need of each man shall be met as far as possible, and that all may enjoy a clean, wholesome, helpful time during the brief leave period.

"I wonder," a wife occasionally says to herself, "who my husband blamed for the bad luck he had before he got married?"

himself by crossing the Marne.

These preparations must have been going on for over a week chiefly at night. The idea that Foch "improvised an army of half a million men on the front between Solsois and Chateau-Thierry in the three-day interval between the inauguration of the Crown Prince's drive and the Allied counter-stroke is not tenable. The shell and food supplies, the road mending material, the hospital equipment, and all the auxiliary services required for a large operation cannot be called into existence by a wave of the Field Marshal's baton. The Forest of Villers-Cotterets must have been the busiest place in France for days before the Crown Prince crossed the Marne. The bringing up of the French and American armies, after all preparations had been made for the campaign, was a matter probably of not more than two nights' work. The long lines of lorries used in this service, if still in the forest at dawn, would be effectively screened from the enemy's aerial observation by the over-arching trees of the forest roads. And so the counter-attack which will be regarded by historians as one of the turning points of the war, came upon the enemy from the forest ambush as a complete surprise.

The forest remains. So long as German troops hold the Aisne front the Forests of Villers-Cotterets and Compeigne will be mysterious and sinister places for them. They never can feel safe again. Another Foch trap will always be one of the things to be taken into account in planning operations. It may, therefore, be regarded as reasonably certain that the forests are a far more effectual barrier against another attack upon Paris than the earthworks that have been under construction connecting the outer ring of forts.

If not for Paris, will the enemy make one more try for the Channel ports? that becomes more unlikely daily. M. Clemenceau's paper states that the enemy losses in the field since March 21st are approaching a million men. The German reserves are dwindling rapidly. It is believed that not less than thirty divisions of reserves have been used up in the battle of the Marne. Prince Rupprecht's Army of the North is still a formidable fighting force, but if it were to try for Dunkirk and Calais and fail, as the Crown Prince has failed on the Marne, all Germany would up hands and cry "Kamerad." Another great enemy offensive this season is still possible, but only desperate men will take the risk involved in it.



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Baron Shaughnessy on the C.P.R.

A Fascinating, Historical and Political Record

Lord Shaughnessy's report to shareholders at the annual meeting of the Canadian Pacific Railway Company, embodied a review of the salient features of the company's financial policy and progress leading up to its present stable position. It is shown that under the terms of the contract dated October 21st, 1880, between the Government and the C.P.R., the Government undertook to give, by way of subsidy, to assist in the completion of certain western sections of the system then in process of construction under government auspices, \$25,000,000 in cash and 25,000,000 acres of land suitable for settlement. Subsequently the cash subsidy was increased by \$10,000,000 and as an offset the land subsidy was decreased by 6,700,000 acres.

In view of the present high credit of the railway it is interesting to note that the company's desire in the early days to finance with capital stock instead of bonds, was demonstrated to be an impossibility, and as a consequence Parliament authorized the issue of \$35,000,000, 5 p.c. bonds and \$65,000,000 common stock.

Unfriendly influences at home and abroad so prejudiced the international money markets that the original \$65,000,000 stock only yielded an average of less than 46 p.c. of its face value. The unwillingness of investors to pay a higher figure for the stock in those days need not be considered extraordinary, however, when it is known that as late as 1895, when the railway had been in operation for over nine years, the stock was offered in the market as low as 33 p.c. with but few takers. In 1885 Baring Bros. of London were induced to find purchasers for the \$35,000,000 first mortgage bonds, and by this means the company was enabled to repay the loans from the Government, and to meet its floating debt.

The review goes on to describe the linking up of eastern Canada with the company's system which served thousands of miles of territory that was practically uninhabited. The eastern connection was imperative if the unremunerative territory was to be successfully developed.

The history of capital expenditure is an interesting chapter, not only in the history of the C.P.R. but also in that of the Dominion itself. After 1899, so rapid was the traffic development, it was necessary to provide substantial additions to traffic facilities of every description. From 1902 to 1914 inclusive, the records show expenditures for second tracks, reduction of gradients, terminals, work-shops, etc., of \$206,300,000; and for cars, locomotives, and other equipment \$130,000,000. To meet this expenditure of \$336,300,000 the directors appealed, successfully, to the ordinary shareholders of the company. In the thirteen years mentioned, the shareholders were offered and accepted \$195,000,000 par value of common stock for which they paid the company no less a sum than \$262,100,000. Out of this \$333,750,000 of bonds were paid off and retired, and \$26,200,000 was used to pay the cost of railway lines acquired or constructed, and of additional steamships, on which no bonds or debentures were sold. The remaining sum of \$202,150,000 was supplemented by the sale of preferred stock and equipment notes bringing in \$56,500,000 and making a total of \$258,650,000 to apply against expenditures of \$336,300,000. The difference of \$77,650,000 was provided from the surplus revenue of the company being a further contribution by the shareholders of that amount from surplus or "undivided profits."

This remarkable financing, made possible only by the faith and cour-

age of shareholders, put the company in a position efficiently and economically to deal with a large and ever-increasing volume of traffic, at the same time enabling the directors substantially to reduce the bonded debt. Notwithstanding the low price at which the original \$65,000,000 common stock was sold (\$48.00 a share) the entire \$260,000,000 of this common stock now outstanding has yielded to the Company's Treasury in cash an average of \$112 for each \$100 of stock, and if the sums provided for capital out of surplus earnings are considered (a quite proper calculation, as those earnings were at all times applicable for dividends) the shareholders paid an average of \$143 for each \$100 of stock that they held.

The explanation of the company's extraordinary success in face of the above record, is to be found in the company's policy of keeping down the annual fixed charges, while extending its rails into new productive territory as opportunity offered; also in the economies attending the long haul of traffic over one huge system, eliminating heavy tolls for switching and other kindred services between connecting companies.

A brief reference to the Ocean and Coastal Steamship branches is to the effect that this property is secured by a comparatively small demand on capital account, and has a present market value in excess of \$65,000,000. Other properties and assets of the company were purchased or developed by the surplus income held in trust for the shareholders.

Something About the Land Grant.

The company's Land Grant, "which is a source of serious anxiety to financial doctrinaires who have only half studied the subject," is treated at considerable length in the review. As late as 1888, when the railway had been in operation for some time, the Dominion Government consented, as a consideration for some concessions under the Charter to guarantee the interest on \$15,000,000 Land Grant Bonds, but would in no circumstances guarantee the payment of the principal which would have given the security increased market value, although the bonds had fifty years to run and only represented a value equal to 75c. per acre. This did not reflect much confidence on the part of the Government towards Land Grant values, and there is no doubt that at that time the Government could have recovered the whole Land subsidy at the price per acre just mentioned, i.e., 75c. For many years this Land Grant was a drag on the Company's development. Interest had to be met on the Land Grant bonds, whose proceeds had been devoted to the purposes of the railway, and although considerable sums were spent on immigration propaganda, land sales were disappointing and unsatisfactory, the prices yielding the company only from \$1.50 to \$2.50 per acre, after selling expenses had been paid. It was not until 1898 that agricultural lands in Western Canada attracted buyers in any numbers, and even in that year when 348,000 acres were sold, and in the three subsequent years, the net return was only \$2.80 per acre.

Shortly after the C.P.R. contract was made, the Federal Parliament commenced to vote grants of land in very large areas by way of subsidy for the construction of railway lines in western Canada, to many companies incorporated for that purpose. Most of these companies never materialized, though much good land was bespoken by them, thus necessitating the C.P.R. going further afield

to satisfy the last 3,000,000 acres of its Grant. The company was compelled to accept lands along the line west of Medicine Hat, in the "semi-arid" district, where there was little or no water, which made the lands practically valueless. To recover this tract it was decided to adopt a plan of irrigation, and an expenditure of \$15,000,000 was made in the construction of works and ditches comprising an area of 2,240,000 acres. Of this area, not previously worth five cents an acre for practical purposes, portions now served by the ditches command high prices.

The company has expended approximately \$17,000,000 in the encouragement of immigration, and to forward the sale of such lands as it had received. Branch lines of railway were also constructed to open up the territory for prospective settlers.

Of the original Land Grant 14,000,000 acres have been sold to date, yielding approximately \$84,000,000, or an average of \$6.72 per acre, from which, however, must be deducted the expenditures during thirty years for immigration propaganda, agencies, commissions, etc., together with irrigation costs, making the net return less than \$5.00 per acre. On the 14,000,000 acres thus far sold, taxes to the amount of \$20,000,000 have been paid into the Public Treasury.

The "Ten Per Cent Clause."

In regard to the much discussed "Ten per cent clause," the review states that the suggestion made in some quarters that the spirit and intent of this Clause was to limit the company's dividend to ten per cent is entirely out of harmony with the clear, unquestionable language of the instrument. The Clause had no more relation, direct or indirect, to the C.P.R. dividends than it had to the dividends of any other railway company, or of any commercial or industrial corporation. Seventeen per cent instead of ten per cent annum might properly have been distributed from the average earnings of the railway had the directors not been convinced that a prudent and conservative policy was in the best interest of the property.

The total capital of the C.P.R. is \$623,000,000 which contrasts with the actual cost of the company of \$687,000,000 exclusive of \$31,000,000 of railway constructed by the Government and handed over to the company. It is also exclusive of \$121,000,000 provided from surplus earnings, land sales, etc., expended on the property, and written off without being capitalized, so that based upon cost, the transportation system represents an outlay of \$813,000,000 or about \$61,000 per mile.

The conservative financial policy of the directors cannot be better illustrated than by the fact that the net earnings per mile required to meet annual interest charges on the G. T. R., C. N. R., G. T. P., and the N. T. R. would suffice to cover the annual interest charges, dividends on the preference stock, and seven per cent dividend on the common stock of the C.P.R.

Extraneous investments, including steamship lines, railway companies outside Canada, Government securities and loans, money set aside for investment, unsold lands, amounts payable on lands already sold, coal mining and other properties, are appraised at \$253,000,000 which is substantially below the market value. Many of these properties and resources had little or no value when they came into possession of the company, but were developed and safe-guarded until they became profitable.