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by the reading⁴ of the act from the newspaper you sent. I understand that the 25% tax is levied after a 7% profit has been deducted for shareholders in incorporated companies and 10% in other concerns, and the act assuredly reads this way unless it has been revised since you sent that newspaper over to us.

Another important point is that our joint salaries (yours Woods & mine) can be deducted first and even if we have not drawn up to the 15,000 our accounts should have been credited with the difference between what we



TELEPHONE 50 GERRARD.
TELEGRAMS, "CECELIA, LONDON."

HOTEL CECIL,
STRAND,
LONDON, W. C.

20 April 16

My dear Father

I have quite a number of your letters to answer and hardly know where to begin. I find that I am quite a bit behind in my correspondence and you have written very regularly although your letters have come all at once.

I looked Wood up this afternoon and found him alone at his waggon line and we had a pleasant afternoon together

I had reserved it³ as a special treat to read later and enjoyed it very much after dinner to night. I hope the little change with Edna in Toronto did the dear girl good; she has been so busy all winter. I am sending it on to Wood and will answer later on.

Your hand written letters of March 7th, 12th, 12th reached me just before I went on leave on 8th Apr. I dare say they had been held up in quarantine.

By the reading of your letter of 7th it would appear that you understand that the 25% tax on profits is levied in addition to a 7% tax on capital invested. I do not think this is right

and discussed² some of your letters. I found him looking very well and not worked too hard as his battery is split up at present. He is not so very far away at present but may move later on.

I showed him dear Mother's interesting letters of March 28th April 1st and April 4th which I found waiting for me on my return from leave and am sending them on to Sarah tonight. They were most interesting. She does write us wonderful letters. Please thank her very much and say I have destroyed the enclosures. Please thank Alice for her nice letter of March 29th.

costs to ourselves & and not being
too anxious to enter into an
agreement with other shell
Manufacturers. Our experience
with the boiler engine makers
has not been too satisfactory, has
it?

With reference to Mr. H. E. P. I
consider he should have 12 months
further extension or be retired
altogether. I think 3 months
too short.

With reference to spending
another \$15,000 ~~to~~ to make two
sizes of shells I do not feel
inclined unless you can
see it ~~is~~ (the extra ^{\$15,000} capital
expenditure) the war tax and
a little more as well, in the



TELEPHONE 60 CERRARD.
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actually drew and 15,000, ever
since the reduction in the
others salaries. If you
remember at that time while
Wood you and I agreed to draw
~~the~~ the reduced salary ~~at that~~
~~time~~ our accounts were to be
still credited monthly with what
we did not draw, while in the
case of the others it was an
actual ^{and permanent} reduction. I hope I have
made this clear as Wood I feel
that we, ^{three} should be credited with
the full 15,000 (even if we have
not drawn it out) ever since
the agreement with C.W.C.'s

your next letter of 12th
talks about Margans' bonus
and I am surprised too that he
asks so much. It is too late now
for him to start out on his
own as the time of big prices
is past. I cannot offer any
further advice as I think the
proposition Wood outlined to
you was very fair one. I dare
say by this time the matter is
settled in any case so there is
no use discussing it further.
I am only sorry you have had it
to worry you.

With reference to our costs of
shells I feel that if we have
produced them cheaper than
the others we should keep these

estate. We would both very
much like to know how this
stands and if Mr Holmes
has been crediting us three
with the difference all the time.

We never yet got an answer
to our joint letter written last
January about the statement for
last year. Wood is still holding
the statement ^{for discussion} as neither of us were
able to quite make it out without
the information asked for.

However do not bother about this
now but we would like a
clear understanding on the
other matter as a lot depends
on it when this new tax is
applied, and the three of us were
most certainly entitled to it.

better ¹² mood I think feels that
if conditions are favorable
next summer he might
expect repayment of what you
had to borrow also the \$500 or
\$600 you borrowed of his
savings while in Ottawa which
must have accrued a quite a sum
by now. Please don't think he
suggested my mentioning it, as
he did not. ~~He~~ He merely
mentioned how he felt ~~at~~ accidentally
to me and I would not want
him to know I had written you
about it. I felt however that
it might be adjusted as he
said he would never feel like
taking it from your estate.
He will likely write you



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just contract you get, and
unless they promise not to
cancel it or reduce the price
and certainly not unless a
satisfactory arrangement is made
with Morgan and ~~and~~ he is
with you to see it through.
I do not think that this could be
undertaken at less than \$5.00
per 60 pr shell. You did not
mention the proposed price in
your letter so we could not
figure on it, although we had
your labor costs before us
with your letter of 15th March

have been reduced to us in the arranged
proportion ever since the Company was formed
~~is not~~, ~~and~~ whether we drew it all or not is
another question. I do hope you can get to the
bottom of it and actually see what Mr Holmes
has done for the books in this respect. This
was one of the points that bothered Wood when
we tried to analyze last years statement last

January.
I am glad to hear you hope to make a
payment on Lakewood Mortgage and B & E. I
should think you should be able to do even

I now have your ¹⁰ letter of 12th
in which you say you will
pass to Woods and my credit
(marked in red on enclosed) what is due us
next June if conditions are good.
This should have been done all
along as I tried to point out at
the beginning of this letter and
we both thought it was being done
and if it has not I fear it
cannot be done now and be
exempt from the new tax.
I am speaking of course of the
three of us and the 15,000 which
we are jointly empowered to draw
[but which we have not ^{drawn} for obvious
reasons] but which should

should write quite so freely as
I have done but suppose all your
handwritten letters (which I always
delight in reading and hate to
destroy) seemed to indicate you
wanted a pretty full expression.

I feel you are doing your duty
and "your bit" for the cause
more ably than Wood & I and
consider it wonderful how well
you have managed. Far be it
from me to try and say too much
so I shall overexpressed myself
please over look it.

I found the ^{labor} cost for shells
very interesting and will peruse
more carefully. I do not think
125 to burden a bit too high. I
wish it could be carefully



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about his H & E holdings which
we both thought were not right.
The other point we discussed
today was your "round robin"
suggestion to which we are
both agreeable if Sir Searge
approves but do not quite see
what good it would do. Wood's
will makes over his share in
business to me & then you, mine
is the same (Sarah only gets
my income and private estate) and
we thought (but ~~did~~ are not sure)
yours left the business to us.
The only contingency would be

am glad to hear¹⁵ what you
say about Morgan's loyalty in the
last part of your letter as I would
have been disappointed in him if he
had tried to leave under the
circumstances of our absence. I
still think he asks too much (more
than you could take out yourself).
On the other hand ~~if~~ if we
want the best results he must
be kept satisfied if it can be done
within reason. He does show
off what ~~we~~ we do (through him)
to good advantage and is inclined
to be too optimistic in matters of
cost and output, so would take
his figures with a little discount
especially as to fresh expenditures.
I do not quite know why I

the concurrent¹⁴ decrease of all three
(which is not likely) in which case
it might be well to have the
Trust Company to handle the
business as and it up. We
will be perfectly agreeable to
whatever you suggest however.

Your last letter of 26th about
the album Wood gave me today
and I will be delighted to have it
and take great pride in showing it
to General Turner and the other
staff officers who would be
interested as well as my own
officers and our old employees
with us. I think I will then
return it via Mrs Blair who
I am sure would be interested.

Shear Poyas are ²⁰ taking add.
that it will be over in Sept. etc.
They dont often make mistakes
although I dont myself see how it
can be satisfactorily over by then

I do not want you to think I
am criticizing Mr. Vargan by
the above remarks but at the
same time I do not think you
should be too much governed by
his advice nor influenced by
his story. I am enclosing a
letter from Sammy Cook which
please destroy as it is for your
personal information only.

I am sorry you have the
additional worry of Lewis just
at this juncture. But suppose it
was inevitable from what you say.



TELEPHONE 60 CECIL
TELEGRAMS 'CECILIA LONDON'

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worked out. I believe it would
exceed 150%. I judge this
from the amount of "day labor"
still on pay list in comparison
to piece work amount. The
items of 5¢ @ 6¢ for inspection by
E. L. S. inspectors seem high in
comparison to the others.

It is 10:40 PM so will retire
although I still have your two
letters Mar 26th 627 and Apr 6th
to answer. Good night my
dear Father.

Saturday night 22nd April

My very dear Father

I had expected to finish tomorrow

one of your letters, the latter is a good one to present his own side of the case. For this very reason I do not feel that you should give him too free a hand in connection with additional new expenditures for shell making and should always discount his estimates as to lawness of cost to some extent. We both feel that as much as possible of what we are making out of the shells should be good hard cash in the bank and not put back into special shell making machinery. While it looks as if the war will go on to last for some time yet, you never can tell what may happen

but find I will ^{to} have to go out to look after some new duties we have been ordered to take over so will add a few lines tonight. Had lunch with Wood again today and although Mr. Gann was present we talked over business a little. We both very much regret to hear of Carr's resignation as we were both very much attached to him personally and consider that the mechanical success of our high speed vertical engine as well as the medium speed Corliss was as much (if not more) due to him than Mr. Morgan. I fear the latter has overshadowed ^{Carr's} ~~him~~ a little and on some occasions hardly given him his due. as you said in

in selling them. ²⁴ You have quite
a list of stock boots under
process in boot shop. Sam
tells me he misses the big
punch very much and sees very
little prospect of getting it. I see
you have made a 36" water bottom
locomotive since I left, I suppose
to please Evans.

I now have your last letter
of April 4th which came today
22nd (18 days). Am sorry my
diary never reached as I had hoped
you would have had the complete set.
No 4 has since been sent and no 5
will soon be ready to send. Yes
we may now expect great
irregularity in sailing of mail
boats. I am worried about



TELEPHONE 56 GERRARD
TELEGRAMS 'CECILIA' LONDON

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I don't altogether agree with what
you say about Carriss's disregard
to cost of production and
management. I always thought
he had some very sane ideas
along these lines and about piece
work which latter you know
Wargan never approved of until I showed
him what could be done in Boot
Shop. I see too by your pay list
that some bootmakers and helpers
are making very high wages at
piece work. Wood & have
often thought Carriss would
make a possible successor to
Wargan if the latter ever

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I now have your interesting letter of April 3rd before me. You have been wonderfully good about writing and we are always so glad to get your letters and often wish we could assist ^{you} more in your difficulties.

Tracher concurs with you and Holmes about using blacksmith shop and S. I. shop rather than building extensions.

Please accept my thanks for sending \$1.00 to W. C. I think the institution should be encouraged. There are a great many old boys over here.

I am glad to see you are buying some more S. I. tools and hope you will be successful

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left us
your letter of 27th also to hand and contents about McAuliffe most noted. His brother is in 5th Brigade with us and I see him quite often. I think you did well to hang out for the order for 40,000 4.5 at \$4.00 and hope you won't spend too much fixing up for the 6" in addition.

Kernel Tower is a long way from where I was.

I do not see how firms can make anything out of shells at present prices if they have to start at bottom and build and buy all new tools. If they can (which I doubt) we should be making much more than we are.

a good deal, and ²⁸ if conditions
are good it should "pay up" rather
than you Woodard J. He said
to me that "some day, please God,
he hoped to marry and would
then like to feel he had about
\$10,000 to start on." I hope &
pray his hopes will be realized
too and that we will all be
together in our little London
sooner than now seems
possible.

Again let me thank you for
all your interesting letters and
with very much love

Believe me
your devoted son
Sb



TELEPHONE 60 CERRARD.
TELEGRAMS "CECELIA, LONDON."

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HOTEL CECIL.
STRAND.

LONDON. W. C.

Sarah sailing 29th very much
indeed. She hates to go too and I
would forbid it if relations were
broken off between us and Germany.
On the other hand her dear Mother is
very elderly and the disappointment
might be bad for her. It is
hard to know what to do but as it
stands now she is to sail then if
situation is unchanged. It is
very good of you to write her so
often. She appreciates your letters
so much and is deeply attached
to you. The next time I have a
balance sufficient to invest I
would like to buy a Canadian

up and I suppose had to go down in front. I have read
this letter over very carefully and while it may
express our joint views to little too strongly. Yet
I think it does express them and I only hope they
will be of assistance to you and not add to your
worries.

Saw not enclosing S. Cook's letter as directed to
show it to Wood first, but will send it on Wednesday
I also hope that you will treat what I
said about Wood's funds as strictly confidential
as I would not want him to know I had written
you and I also hope you will not be hurt by
my hint. I feel that the firm owes me three

or British exchequer²⁶ war bond.
I am glad you like my diary letters.
I feel they are often very dry as
my doings are not of much account
and often uninteresting. I am glad
to say the division received a
very good report from the Cavalry
depts as to our recent training.
It is now very late so will close
and try and add a few lines tomorrow
Sunday 8.45 PM I have been
writing my diary letters all afternoon
and will send it in the morning
so will only add a few lines
here.

I had expected Wood for lunch
today and was going to get him
to read this over. He did not show