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March 17th/1916.

FEL/CC.

Lieut. Col. Ibbotson Leonard,  
Special Service Squadron,  
Canadian Second Divisional Cavalry,  
c/o War Office, London, England.

My Dear Ibbotson,-

13<sup>d</sup> Your favor of the 29th February is in hand and  
very glad of the general tone of approval of what we are doing here. On the  
~~29th~~ I mailed ~~you~~ <sup>Wood</sup> a lot of information that will be of interest to both of you.

Mr. Holmes has handed me a copy of our statement up to the 30th of  
June 1915, I am quite sure I sent you this at the time, however, the prospects  
are that it will be considerably improved by June 1916.

RE MACHINERY FOR SHELL MAKING. We asked if the Customs Authorities  
if there was any Provision for a reduction of Duty on tools for making shells  
and was told there was not, in fact they are exacting from us in this respect  
the last cent so there is no hope of getting any rebate. We think that our  
engine with the larger cylinder will be able to drive the new machines without  
difficulty as we have relieved it by Hydro for heating the oven and lighting  
some portions of the works.. We have taken out the generator that we purchased  
from the Helena Costume Company and using the space for storage of shells  
partly finished, you will see what our electric bill costs in one of the sheets  
sent ~~you~~ <sup>Wood</sup> which is not unreasonable in our opinion.

RE BONUS. You will find that we are getting the cost of shells down per  
piece very nicely and have no bonus whatever. I have had a conference with Mr.  
Morgan and he does not think we can get our peice workmdown any lower than at  
present in fact it would not be policy to do so with the scarcity of help now  
quite apparent, and get into a lot of trouble with our labour. Earnest Yeates  
tried it a month ago and he had all the labour Union and members of Parliament  
down on him, the result was that he gained very few cents per shell and was  
compelled to sign some kind of an agreement with the Labour Party. We shall  
endeavor to keep clear of such a mess and concentrate all our efforts to  
increased production even at a slight increase in actual piece work prices.

RE 4.5 SHELLS. Our price for the first 20,000 4.5 was \$6.00 per shell  
and the price for the last lot has been fixed at \$4.00 per shell by the New  
Munition Board, at ~~these~~ <sup>these</sup> figures we are making fairprofit we think.

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Mr. Waterous told me over the phone the other day that the Board expected to place orders of this size at \$3.00 per shell in the near future. This will in our opinion cut out all profit and result in a lot of firms losing money and retarding the output. I do not like the names of a lot of concerns making 4.5 and 5" shells as they are not an experienced lot with the very fine work necessary to manufacture.. However, we wont cross the bridge until we come to it,

RE WATCHMAN. Yes it is William Williams whom we hired at \$2.00 per night, who went with Woodman and nearly lost his arm at Ypres last April. He is gradually getting the use of it back and this position is a little God send to him. We have the greatest confidence in his integrity. We considered asking the Military Authorities for a guard but there would be so much red tape about it and perhaps fees and charges to get it properly done that we thought the most reliable way was to have a man in our own pay whom we could trust rather than a lot of soldiers inexperienced not being up all night, I think you will agree with us in that respect.

RE EXTENSIONS. By rights we should have more room with these five additional tools but have moved out the planers and ~~plans~~ think is necessary to have the output of 400 per day when we get in full running order which will be about the 1st of April.

RE PATTERNS. I am glad you agree with me that more than half of them should be put under our boilers and we will try and do something next summer. It is a great source of anxiety to myself but it will have to be carried. If we built a galvanized shed on Trafalgar Street and put these patterns in it, somenody would put fire to it likely, so we may as well have the heat under the boilers.

RE STOCK. We are buying just as little as it is possible to get along with. I am ordering six plates for 3 - 20 H.P. Dairy Boilers to-day from Thomas Robertson & Company at \$3.40 per 100, which is the first we have been compelled to purchase, and will only order plates when there is an order almost certain to come from it. We have the promise of 100 tons of plates from Watson Jack & Co. to come we think from the United States Steel Company in about a month according to promise, but we think they will not come before sometime in May.

RE BOILERS. Our boilers are certainly doing very well. The water softening apparatus is giving us good satisfaction.

RE SECONDHAND BOILERS. We still have that row which you saw before your left last June, they seem to be practically unsaleable for we cannot get them passed in Ontario for less than 75 lbs. working pressure, I have faith however that the scarcity of boiler plates will lead to them finding places in the very near future.

RE H.E. PLANT. His holiday will cease on the 1st of April, but will ask him to take another three months in a few days. We are doing little or nothing in engines or boilers in Montreal, our expenses are 23% of the sales for the last six months. We are now asking Chester to reduce his number of hands. We are trying to get better prices all round for boilers and are not quoting anything in that line without we know that we have the plates and heads on hand to finish it. In fact I think we have all along made a serious mistake in stocking up boilers. Indirectly I heard that the Waterous Company have still half a dozen boilers that were made before the Ontario laws came into force. I think we should adopt the

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American plan and not carry large stocks in the future. We have sold some ourselves that we have had on hand for two years. There are two 72"x18' now on hand, that was made up a year ago which is not good business.

I enclose also a trial balance statement of our business for the last eight months which is based on purchase of stock.

RE IMPERIAL MUNITION BOARD. The Canadian Manufacturers association have formed a section composed of the Shell makers, 4 $\frac{1}{2}$ " & 5", have about 20 in their class with Mr.C.H.Waterous as chairman who we have promised to give some information but not for everyone. They want to get the ~~2.00 for the 4.5 raised~~ for next allotment which I am afraid there is very little prospect of doing in the face of the shell business now in politicians hands in the House.

RE OUTPUTS OF 4.5 SHELL. We got it from one in a position to say that the following had been shipped.

Waterous, 1st shipment	2100,	4.5	1st March
Doty, 1st	"	500,	5" 11th "
Stratford M.B.Co. Several	"	13000,	4.5 6th "

Waterous & Stratford had three months the start of us. We have beaten them out of their boots both had special machinery as well.

RE 2 $\frac{1}{2}$ " TUBES. We have another request from G.H.Evans to change back to our 2 $\frac{1}{2}$ " Tube in Boiler say 9 & 10 foot long. I must say I agree with him, they make the best proportioned and most economical boiler on the market and it is to point we have gained a reputation for the smaller class of Boiler. We are selling quite a few 20 H.P.Dairy's 34" x,10'2" with 2" Tubes 9 foot long. I wish you would talk the matter over with E.W.L.

RE LONDON LIFE INSURANCE. You have a premium \$173.25 coming due on the 31st of this month and a war risk premium \$250.00 due 8th June both of which I will attend to.

RE AMERICAN SOCIETY M.E. Have paid dues as requested \$15.00 and have receipt.

RE CANADA TRUST. This Company are selling the Huron & Erie, which remain<sup>is</sup> from last allotment, would you like to get any more. I will take some if they will give me ten quarterly payments. Will advise you later.

Re Lunenburg Report. These will go in Monday's letter.