

Events of The Past Twelve Months Have Established An Unique Financial Record.

Wars, Political and Social Unrest, Numerous Failures and Declining Business Have Pulled Down Prices of Solid Securities.

The events of another year have passed into history. Financially the year has been a record, factors and events affecting security prices have produced conditions unique in the financial history of the last decade.

In 1909 the stock market suffered a severe decline, while the prices of bonds remained high.

In 1904-1905 stock prices advanced strongly, bonds remained steady.

In 1906-1907 stock prices declined and bonds experienced a sudden decline in the financial panic of the latter year.

In 1908-1909 both stocks and bonds advanced strongly.

Since 1909 there has been, with the exception of a slight rise in 1911, and another rise in 1912, a general decline in the prices of stocks and a more than corresponding decline in the prices of bonds.

This decline has been accompanied by a general decline in the prices of all securities that have been seen in the period discussed, and in fact for several years previous.

This condition is hardly to be wondered at when we review the history of the year which is characterized by wars, political and social agitation, heavy failures, smaller crops in the United States, and what has had more effect than any, but is an outcome of the above named conditions, declining business.

We began the year with the supply of money somewhat restricted, with a tendency towards lower prices on the stock exchange and bonds already selling to yield very attractive income returns.

There were sufficient indications that 1913 would be a strenuous year financially and the fact that these indications were carefully taken note of by the banking fraternity all over the world have survived without a panic, which has been taken a more liberal view of conditions twelve months ago would have been inevitable.

The fact that the banks restricted credits and generally applied the brakes to business, that they strengthened their position while yet there was time, has had a



Old Government House, Fredericton.

most beneficial effect and has saved a great deal of suffering.

While 1912 was characterized in the financial world by a general advance in the price of stocks which culminated in October of that year, the year 1913 has been characterized throughout by a declining stock market with the exception of one small advance from June to September; the price of bonds has steadily declined.

During the Spring months trade dullness, Balkan war and uncertainty in the United States over the then impending tariff reform, were responsible for the depression which culminated with heavy investment selling in May, railroad troubles and the St. Louis and San Francisco receivership.

June prices declined to the level of 1910 and almost a panic was the result of the decline in that month. July showed an improvement but was characterized by the failure of the First Second National Bank of Pittsburgh, one of the worst financial failures that has taken place in recent years.

Which was due, as were many other failures of the year, to concerns being overloaded with bonds and securities and unable to secure through the stringent monetary conditions which prevailed, any relief; during this month the market became over-sold, a condition which continued to some extent through August and September and was largely responsible for the advance in those months.

Which condition, however, was aided by the settlement of the Balkan war and the relief which this induced at the great monetary centres of the world.

About this time trade conditions in Brazil were reported as being very bad, in fact the report went as far as to state that the Brazilian government



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was not financing any too easy. The Minnesota rate decision was handed down which meant a further blow to the railroads, on the other hand the tariff bill in the United States was passed and became law, making a definite factor of what had previously been an unpleasant anticipation.

During October market conditions were bearish and there was a further decline in stocks and some slight dropping of bonds and the high grade securities. This was due very largely to conditions in London.

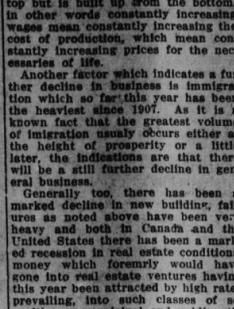
London at that time was bare of capital, its underwriters had been obliged to take up the lion's share of all issues that had been floated there for some time. The Bank of England was being called upon to preserve the equilibrium and banks all the world over were paying very close attention to strengthening their reserves.

The result of this was a big gain in bank reserves, and this at a time of year when the crop moving of the Northern hemisphere normally produces sufficient demand for money to transfer the supply of capital from the banks to circulation.

This was another condition which made 1913 a unique experience.

During the greater part of the year, in fact from April onward, there has been a steady decline in business and it is due to this decline that the banks have been able in the late months of the year to build up their reserves, principally by decreasing their loans, and reducing the ratio of loans to deposits.

In all probability this slowing down of business is the last year in a general world-wide readjustment which has been operating for the past four years and is due largely to increased wages and other expenses, and the fact that over-production, for we must recognize that the high cost of living does not grow down from the



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top but is built up from the bottom, in other words constantly increasing wages mean constantly increasing the cost of production, which mean constantly increasing prices for the necessities of life.

Another factor which indicates a further decline in business is immigration which so far this year has been the heaviest since 1907. As it is a known fact that the greatest volume of immigration usually occurs either at the height of prosperity or a little later, the indications are that there will be a still further decline in general business.

Generally too, there has been a marked decline in new buildings, failures as noted above have been very heavy and both in Canada and the United States there has been a marked recession in real estate conditions, money which formerly would have gone into real estate ventures having this year been attracted by high rates prevailing, into such classes of securities as municipal and public utility bonds.

Summing up the year's conditions from a financial viewpoint, we find that over-production tied up the world's capital to such an extent that money was scarce and high during the year, resulting in low prices for investment securities and producing in 1913 probably the greatest opportunity that will be seen by this generation to secure high grade investments at low prices; that this condition is changing is evident even at this writing, for it is apparent that the slowing down of business above referred to is lessening the demand for capital, will produce in a very few months an over-abundance of idle money.

In seeking employment this money will in the first instance have the effect of advancing the prices of securities which in all probability will be carried well above the prices prevailing during the past year, to which level many of the securities will not

return for many years. From a stock market viewpoint, therefore, it seems reasonable to expect that the year 1914 will be a year of rising prices and though this tendency may be checked to some extent by the large volume of securities falling due next year, it will not by any means be overcome thereby.

So far as the bond market is concerned a permanently easier supply of money will have an immediate effect in advancing these prices and it seems probable that 1913 has marked the low prices in bonds over a period of several years and that the general tendency for some years to come in this class of securities will be upward.

Canada.

Naturally Canada has suffered during the year from lack of money to promote development and as a result quite a number of recently reorganized companies have found 1913 a very difficult year. Canada, however, is a young nation and youth, whether in the individual or in the nation, exhibits remarkable recuperative powers; consequently it is argued that Canada with its vast undeveloped sources will recover from the financial stringency of last year much more rapidly than any other country, and this recovery will be all the more rapid and all the stronger because through the same and careful management of financial affairs by the Canadian banking system, the stringencies of 1913 have been mitigated, and considering conditions, a very even balance maintained.

In the recovery from the depression in which Canada is unquestionably to have a very large share, it is our opinion that the Maritime Provinces will figure most prominently. The development of the West has been carried to a point where the balance of trade has been lost, and apart altogether from any exploitation of the natural resources of the Maritime Provinces, the restoring of the equilibrium of the Canadian trade, must promote a large growth, but when the resources of these Maritime Provinces in lumber, minerals, fish, fruit, potatoes and dairy are considered, and the possibilities of the development of these resources given due weight, it is very evident that the next few years hold for us a prosperity such as we have not yet previously seen.

J. M. ROBINSON.



Grand Falls.

HARBOR IMPROVEMENTS

Very little work in the way of harbor improvements, aside from dredging, was done in St. John during the year just closing. In West St. John the firm, which held the contract for the new wharves, seemed in no hurry to complete the work.

When it was thought that every effort would be made to have the wharves available at once, but the contractors have indicated by their action that all the time possible will be consumed in the job.

At Sand Point, however, some improvements were made. The old crib was replaced by a distance of 80 feet. The construction was cribwork on pile foundation. Some progress was also made on the Nelson Bay wharves, but these will not be available for business this season.

Eight million feet of timber was fitted for cribwork. This represented 1400 lineal feet of completed crib. A start was also made in filling in behind the new wharf construction, in order to make room for railway tracks and sheds. Two hundred and fifty feet of concrete superstructure was placed on the wharf.

Grain conveyors to serve the wharves owned by the city at Sand Point were started and it is expected that they will be completed early in the New Year. When finished the conveyors will be 2200 feet in length. Although this work has been in progress only a month, good speed has been made. The trestle cranes were completed on No. 6 shed, the foundation work in the sheds was completed, piles for the support of the conveyors across Sand Point basin river and the foundation in the yards placed. External repairs were made to the floor and roof of No. 7 shed.

Over in Courtenay Bay construction was pushed to the extent that citizens would have wished. Of course the term of the contract gave the holders several years yet in which to complete the improvements, but it was thought that the contracting company should have been more eager for the completion of the work.

While the construction was not rushed to the extent it should have been, still the breakwater was extended 2000 feet and earth and refuse was placed behind it as preliminary to the reclamation of a site for the machine shops and other appliances necessary for the operation of the dry dock.

Besides the work carried on by the Public Works Department of Canada, the city itself improved some of the wharves about the harbor. Both ferry floats were repaired and up-to-date facilities arranged for the handling of the boats. Several wharves were improved.

During the early spring there was some talk of moving the west end ship is suddenly sighted, then never mind the dinner.

The life on the great steamers and sailing vessels is most systematic, and it is worth while to prepare for as much merriment as the homeliness of empty sea view will permit. There may be a Christmas tree and music and dancing; but, be you a seadog or a landlubber, it's all the same you would rather be at home over a table that does not roll and spend the day on the water with a good dinner stowed away awaiting the opportunity which may or may not come. If a

landing of the ferry further up the harbor, but nothing was done. It is likely that the matter will be considered soon.

An important improvement by which the business houses of Water Street will benefit was the construction of a spur of the Intercolonial Railway from Reed's Point along Water Street to Duke. This will give accommodation to warehouse owners in the vicinity and facilitate the handling of freight from the steamers docking at the neighboring wharves.

In the upper part of the harbor a major depot for the use of the Marine and Fisheries Department of

Canada was started. Accommodation for the government steamers will be provided and yards for the repair of buoys and other appliances used by the department will be laid out.

With the improvements along the water front at present underway, and those contemplated for next season, the harbor face of St. John is destined to undergo many changes and before another year rolls round St. John should have much improved accommodations for shipping.

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THEY ARE NEVER SAFE FROM INTERRUPTION

Christmas Dinners of the Men on Lightships or at Life-Saving Stations are Frequently Permitted to Grow Cold.

Landlubbers that you are, did you ever reflect that there is a world where Christmas is as meaningless a day as the 24th or 26th of December? Did you ever think far enough beyond the spicy vapors of your own plum pudding to realize that the seafaring folk were living their Christmas Day as if they knew naught of its fame? They do know what it means, however, as well as ever do you, but winds lash and waves thump on the 24th as on every other day, and it's a foolish sailor who counts on turkey or holly berries. The chances are he'll see little of them.

Christmas is disconcerting enough to come in the very beginning of the maddest weather, and the weather never gives way one inch. The pilot boat people and the life savers make pathetic little attempts at holding holiday, but ten to one they will be nothing more than attempts. If the sea chooses to make merry in its own way the sea commands and must be obeyed.

The captains of the life saving stations along the coast try to celebrate with their men. A turkey is always brought to the headquarters and a good meal prepared around it as a star attraction. But anywhere from drums to nuts and raisins may come the signal from the coast guard. Perhaps a crab fishing boat has captured; perhaps it is a big ship sailing down—the result is the same. The Christmas turkey is left to grow cold, the mince pie is forgotten and left off to launch the lifeboats and then the sea calls away. Night or day the summons may come. If at night there are a flashing of lights on the

beach and a light, man against storm, in the blackness of the surf. In the lightship provision is made for a good dinner, but there the pleasure ends. Day and night the ship rides at anchor ten miles off shore. Always the clanging of the fog bell is heard and the lights are watched, and break in the monotony there is none, save for a better bill of fare than usual and an extra glass of grog, then back to the bell and the lights again, and men forget what Christmas celebrated or that it was celebrated at all.

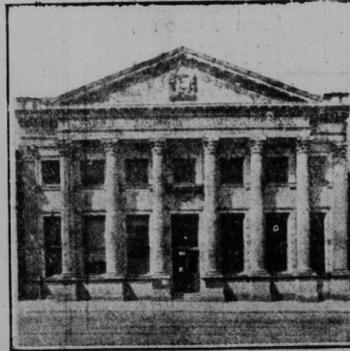
It was during the carving of the last turkey that the bells rang fiercely, for a fog was driving in past the heads and lights were being enveloped in it. Two new men were among the crew, and they sprang, frightened, away from the table. The old sailors assured them that it was no trouble out of the ordinary, but they could not be induced to come back to dinner. They are wise now and are laughing at other new men but their companions have not forgotten to mention the dinner that they missed by gaining sheltering into a winter fog and expecting the death of themselves or some one else every moment.

Christmas is a lottery to the pilot. No man of them knows when his turn is coming to guide a ship into port, and ships must be guided when it is their captain's will. Some of the pilots may have a snatch of the day at home in the midst of Santa Claus gossip and tin horns and stuffed stockings. Whoever the pilot may be, they are on the water with a good dinner stowed away awaiting the opportunity which may or may not come. If a

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