

# The Canadian Courier

THE NATIONAL WEEKLY

## THE WHY

IT'S one thing to spend money and another thing to get it. And as a general thing it happens in our complicated civilization that the way other people get and spend their money has a great deal to do with the economic welfare of the average man and woman. A man may worry along without knowing anything about the stock and the bond market, about insurance, and trusts and combines and the reasons for the high cost of living compared to what a man gets for his labours. But the man who is best fitted to make progress in modern times is the man who at least once in a while tries to put himself wise on the kind of varied topics presented in this issue of THE CANADIAN COURIER. The best way to look ahead in financial matters is to take a clear look back. This we have provided in this issue of our

### *Annual Financial Review*

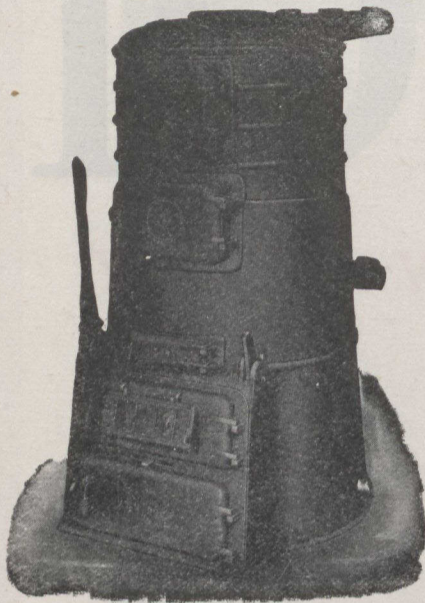
THE WHY is the difference between the individual who, by understanding the financial problems of the day, knows how to make and to save money, and the individual who does not.

EDITED BY JOHN A. COOPER

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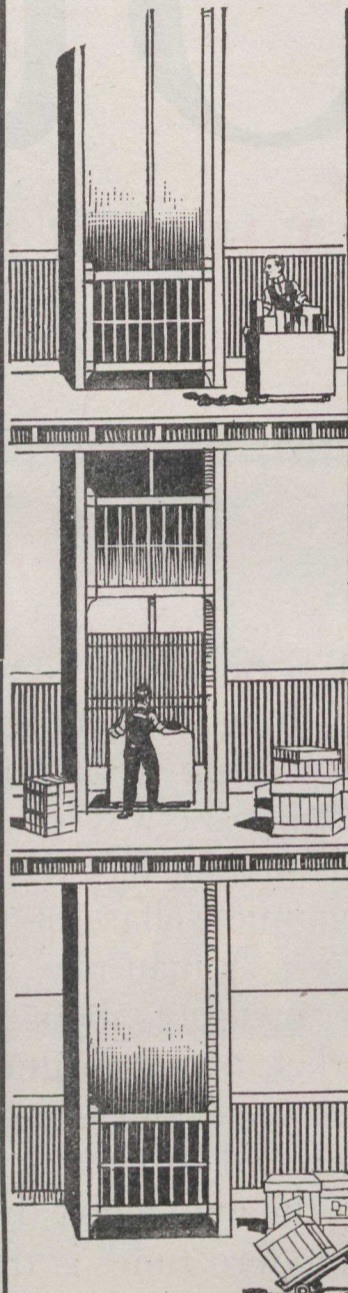
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# The Canadian Courier

A National Weekly

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VOL. XV.

TORONTO

NO. 6

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## Editor's Talk

A FEW weeks ago, when the newspapers were full of stories about the recovery of the famous "Mona Lisa," stolen from the Louvre in Paris two years ago and recovered in Florence just before Christmas, none of the editors knew that we had already decided upon a new serial story for the "Canadian Courier," containing all the romance of the "Mona Lisa" and much more adventure. "Behind the Picture," by McDonnell Bodkin, beginning next week, has a remarkable resemblance in its germinal outlines to the "Mona Lisa." The stolen picture in this case, however, is a Velasquez, not a Leonardo da Vinci. About this stolen canvas the author has woven a plot brimful of adventure, episode and dramatic, sometimes melodramatic, situations. This should be by far the most generally popular serial we have ever published.

The author, McDonnell Bodkin, is an Irish judge. He has been a newspaper man and a parliamentarian, and has been mixed up with a great variety of people and events. He was on intimate terms with Gladstone and Parnell, and is a personal friend of Justin McCarthy, William O'Brien, John Dillon and T. P. O'Connor. He has interviewed the Pope at the Vatican and Roosevelt at Washington. He knows intimately most of the great actors of the present generation. And from this remarkable acquaintance he has produced several books, most notable of which are "Paul Beck," "Lord Edward Fitzgerald" and the serial, "Behind the Picture."



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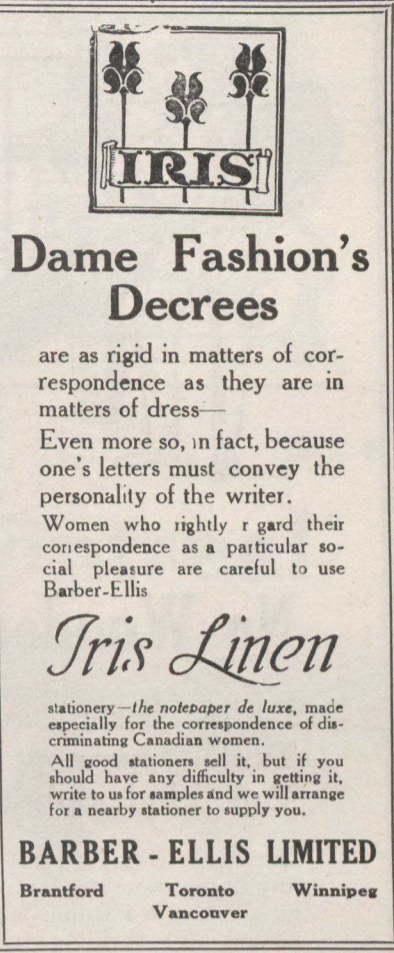
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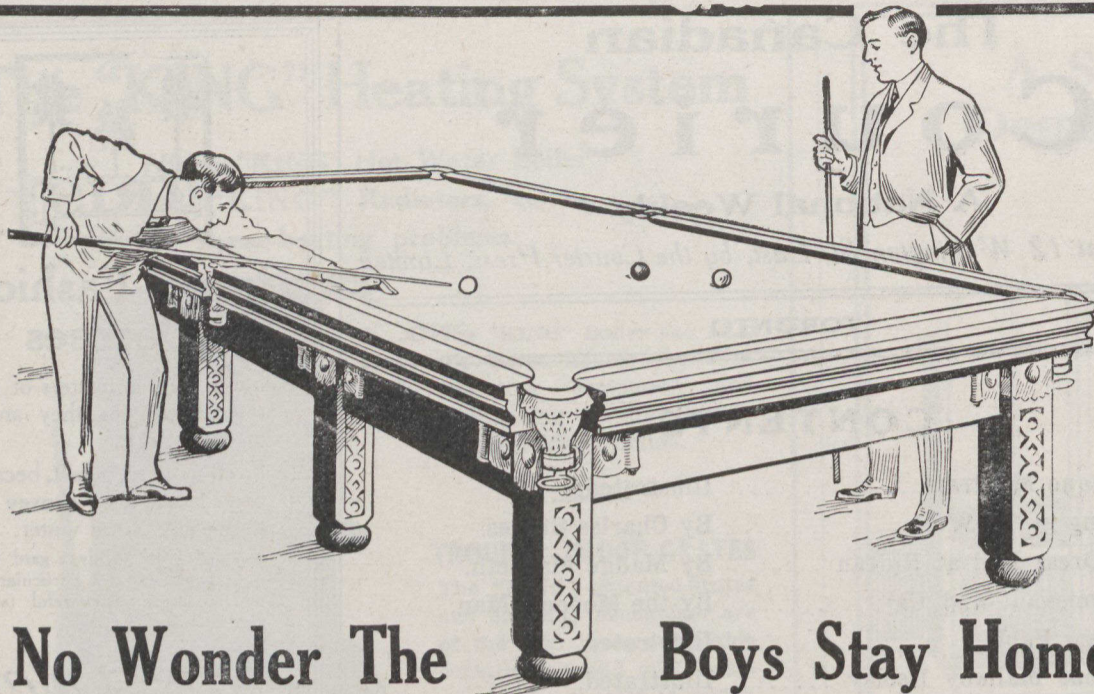


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## In Lighter Vein

Hon. "Sam" Blake and the Camel.—The Hon. S. H. Blake, in spite of his eighty-nine years, carries on a large correspondence with friends and strangers in all parts of the world. He has largely retired from business affairs, but retains a keen interest in missionary movements and other Christian work. Many of the letters he receives each day are from missionaries in various parts of the world who endeavour to interest him in their enterprises.

One morning recently Mr. Blake received a letter from a missionary in southern India asking him to supply the necessary funds for the purchase of a camel, which the man could use in making the round of his district. The distinguished jurist was puzzled what to reply.

"Now, I don't know what a camel costs," he reflected, "and if I bought one, I suppose I would be liable for its support. Then, also, there might in time be little camels, which would also have to be cared for. In the end, when my camel died, I should certainly have to give him a Christian burial, considering that he had been a missionary camel. Altogether, I think it problematical whether the necessary money could not be invested to better advantage for the good of the cause."

Yet some persons say that jurists have no sense of humour!—Toronto Star Weekly.

\* \*

He Got a Job.—When Sir Edmund Walker, now president of the Bank of Commerce, was general manager of that institution, he was rather unpleasantly surprised one busy morning. In response to a brisk knock at his private office and invitation to come in, there appeared a bright boy about fourteen years of age, poorly but neatly dressed.

"Well, sir," said the banker, not unkindly. "What can I do for you?"

"Please, I want a job, sir."

"How did you happen to come in here, and who sent you?"

"No one, sir."

"Then how did you find your way up?"

"By the same way as you did, sir."

"What way is that?"

"Why, you have it printed on the door downstairs," remarked the urchin.

"What's on the door?"

"Push," replied the lad. The clever chap was given a position before he left the building.—Toronto Star Weekly.

\* \*

Slow Growth.—Barefaced Junior—"Yes, I'm trying to raise a mustache and I'm wondering what colour it will be when it comes out."

Miss Green—"Gray, I should say, at the rate it appears to be growing."—Yale Record.

\* \*

Outclassed.—On a street railway job two gangs, Italian and Irish, were at work in the same block. The former were smaller than their Hibernian neighbours, and when it came to lifting a section of track they were unable to raise it. Their foreman then called the Irish crew to assist. "We don't need any help," said their leader. With a united heave they lifted the rails, ties and all, and carried the mass to one side. As they walked away their foreman jerked his thumb over his shoulder and said contemptuously: "An' thim's the fellers they make Popes av!"—The Argonaut.

\* \*

Nothing in the Name.—A Spug by any other name would give as little.—New York Tribune.

\* \*

Hard Times.—"We don't have honest elections in dis town like we used to," said Mr. Erastus Pinkley. "Like you used to?" "Yassuh. It used to be dat when dey promised you \$2 foh yeh vote you'd get it. Now dey won't even promise!"—Washington Star.



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The  
**CANADIAN  
 COURIER**  
*The National Weekly*



HERBERT  
 P. D. R.

Vol. XV.

January 10, 1914

No. 6

# Picturesque Humours of Montreal

**M**ONTREAL has been suffering from a calamity due to a lack of water. Toronto has had trouble with her water supply. So has Winnipeg. In most Canadian cities some public utilities have not kept up with the demand of a peak load in population and progress. Twice during the past six months Montreal has been partly and very generally without telephone service for several days at a time, when a big city had to revert to conditions of thirty years ago. The cause in both cases was fire. Toronto has frequently had similar trouble with light and power, owing to defective transmission from Niagara. Every little while a big city, with all its complex modern equipment of wires, tunnels, tubes, sewers, poles and all finds itself somewhat in the condition of a big village in the days of the corner store.

The recent calamity in Montreal proves that too little water is almost as bad for a city as too much. For five or six days 350,000 people in main Montreal were deprived of water except for casual supplies as depicted on this page. On Christmas Day a break occurred in the nine-foot conduit where the old water canal was being excavated for a new steel tube. A 60-foot crack developed suddenly in the conduit. This was caulked with oakum and plugged with old boards and earth, about as rotten an expedient as the conduit must have been in the first place. A fissure sixty feet long and two feet wide flooded Montreal with useless water that froze on the streets. The waterworks department has been severely cen-



One of the 160 Water-carrier Sledges Rushed Into Service by the Waterworks Department to Supply 350,000 People in Montreal Owing to a Break in a Nine-foot Conduit.

sured—as usual. Water was temporarily supplied by 160 sleighs from Thursday until the following Tuesday. Private vendors got out on their own account. Indignation meetings were held. Prominent citizens, including Huntley Drummond, C. B. Gordon, President of the C.M.A., and Hormidas Laporte, President of the Chambre du Commerce, publicly expressed their disgust with the condition of affairs, which seems to be chronic in Montreal.



Families Helping Themselves at the Hydrant.

## The Gypsies

**M**OST of the human curios of civilization travel over the C.P.R. in the course of a year, and most of the world may sometimes be seen within a few days at the Windsor station in Montreal. Oddest of all the midway tribe recently was a large band of gypsies as pictured on this page; thirty in all, originally from Egypt, but long since travelling in many lands. There were nineteen children, five women and three men. The queen was a marvel of coin-necklaces, jet-black braids of hair, bright ribbons and a flame-red scarf. They were all dirty and as merry as spring robins. The tribe spent a day in the immigration rooms and then pulled camp for some spot where there were fewer police.



Captain H. G. Kendall Who, When he Was Skipper of the Montrose, Detected Dr. Crippen, the Notorious Murderer of Ethel Leneve. He is Now Captain of the Ruthenia and is Here Seen on the Bridge Clearing From Montreal en Route to Trieste and Naples. The Captain is Only Thirty-eight Years Old, But Has Been Twenty-five Years at Sea.



A Band of Spectacular Vagrants at the Windsor St. Station in Montreal.

# No More Bonussing in the West

By CHARLES STOKES

By an act which has just passed the Saskatchewan Legislature, the system of the bonussing of industrial concerns has been entirely abolished in that province. This consummation took the shape of an amendment to the City Act prohibiting any of the various forms of bonussing by which new industries seeking a location could be and have been bonussed; the granting of free sites, exemption from taxation, the guaranteeing of the bonds or subscription to the stock of the company by the municipality, or the assessment of land below its real value, are all declared illegal. It is worthy of note that this measure received the united support of both political parties. Very similar legislation was recently enacted in Alberta towards the same end, making it an offence punishable by a penalty not exceeding \$100, with disqualification from holding any municipal office for a period of five years, for any member of a city council to vote in favour of any by-law proposing to grant any such bonus.

This question of bonussing is a vital one with the cities of the West. Although regarded by most people as a principle of a vicious tendency, it has its strong advocates. In the case of this Saskatchewan measure, four cities out of six in the province, Regina, Moose Jaw, Prince Albert, and North Battleford, made a plea for the continuance of the present system of moderate bonussing. At the conference of the Associated Western Boards of Trade in Winnipeg, in September, the delegate from Medicine Hat showed how that city had benefited by the system. They had granted in concessions to industries during the preceding eighteen months, he said, 137 acres of land, which, with all other concessions, had cost \$150,000. In return for this they had obtained industries which, when completed, would employ 1,850 men. Their increase in population through these industries might be estimated at 10,000, and as the city realized a net revenue of \$5 a year from the supply of natural gas from each person, this means \$50,000 a year.

DESPITE these figures, however, Medicine Hat is a striking illustration of the weakness of the bonussing system. Because of its well-nigh inexhaustible and easily accessible natural gas wells, it is able to offer to manufacturers very cheap power, the current manufacturers' rate being five cents per thousand cubic feet. This inducement ought logically to be big enough to attract the user of power on its own merits, without further concessions. Hon. Geo. Langley, the Saskatchewan Minister of Municipalities, spoke truly when he

said that there was very little benefit to come to any city or town from industries which were not able to stand on their own foundation without assistance that was in many cases a burden on the citizens. If they were successful, in nearly every case it was not due to the bonus granted; if they were not successful, the municipality would have been better off without an organization of the kind.

In fact, the only concerns which really benefit by receiving any bonus are those which have failed elsewhere. The bringing of a payroll to a city is, of course, a thing of great importance; but the greatest beneficiaries by the coming of a payroll are primarily real estate men, to whom the consequent increase in land values is often more than the welfare of the community. The real estate dealer is a bird of passage. When he has cinched a big wad, he has the habit of folding his tent like the Arab and as silently stealing away—for pastures new.

Another evil of the system of bonussing is that it introduces an element of haggling into the rela-

tions between the municipality and the prospect, which certainly does not tend to increase the latter's respect. Let a manufacturer make known the fact that he is in the field for a western location, and he would be the recipient of many offers of concessions. Now, if he adopted a frequent commercial method, he might go to City B and say, "Well, City A offers me so-and-so to locate there—what have you got?" And then B might go a little better; and C a little better still; and so on, underbidding each other by hanging bigger millstones around the neck of posterity. Be sure that if, say, Saskatoon offers strategic advantages as a base of commercial operations, Saskatoon will eventually get all that is coming to it, however Moose Jaw might strive to lure away the prospect with a bribe. No business man but appreciates that. Cities, as much as salesmen, are out to show results; but however competition presses him, no good salesman with a good proposition ever (as Bacon said) "maketh himself cheap" in his customer's eyes; and equally, western cities which tumble over one another in their scramble to entice the manufacturer to their free sites or their exemption from taxation may possibly be regarded, by the very manufacturer who is bombarded with their offers, as being, after all, rather contemptible.

## Fairyland at Rideau Hall

Written for the Children by M. M.

IT is not every one who has the privilege of seeing fairies; indeed, it is not every one who has fairy-seeing eyes, even if the privilege is granted them, but I am one of the fortunate ones—a person who can hear a fairy orchestra in the chimes of the blue bell, who can taste the nectar in a lily-of-the-valley, and who can see all sorts of fairy souvenirs in the films people ordinarily call cobwebs, as drops of dew linger on them of a summer morning. It was no trouble at all, then, to be a fairy with the rest at the Fancy Dress Party given at Rideau Hall, recently, by Their Royal Highnesses the Duke and Duchess of Connaught. One little Titania had a real electric light in the end of her wand and in her hair; one tiny Peter Pan had a real pipe which blew; there was a baby rabbit, dressed in white fur from head to toe, not forgetting long, wagging ears; and there was a primitive creature—some said The Fawn and some a Stone Age Man—who must have measured all of two feet in height, and who was dressed in nothing but a shaggy bit of fur! Except that the fairies were all good ones, and that kindly atmosphere made every one else good, I am sure some one would have bitten a piece out of this young cave dweller's

sweet, chubby arms and legs! The daintiest pink powder puff you can imagine was there, and she was walking about and talking just like a real person. There were goblins and elves, and even the Man in the Moon condescended to come down from the sky and be with the fairies.

The Duke and Duchess received their guests with charming informality, shaking hands with each as their names were called and they passed before the throne. The lovely Princess did not assist in receiving, but stood near by and looked her interest in the proceedings. I feel sure that she is the sort of person who has fairy-seeing eyes, too. The orchestra played almost continuously and the larger fairies danced while the small ones romped and ran about with utmost freedom.

To show that there was real magic, one little fairy asked quite loudly:

"When is the party?" because even they think no party is a party unless there is something to eat, and at that very moment a magnificent red-coated, white-haired footman (the very kind Cinderella's godmother got for her!) appeared and announced that tea was being served in the Racquet Court. Could any wish have been granted more promptly?



A NIGHT OF ELVES AND SPRITES AT RIDEAU HALL.

Their Royal Highnesses Provide a World of Magic and Enchantment for the Favoured People of Ottawa.



THE IMMIGRANTS AND US

**I** OFTEN wonder what an immigrant thinks of it all after he gets here. Coming to Canada has been to him like hurrying off to the Isles of the Buccaneers where pirate gold is to be had for the digging of it. He may not quite believe that our streets are paved with this precious metal; but he does believe that it is to be come by with miraculous ease, and that a few years' toil will enable him to live in leisure for the rest of his life. Canada is a sort of civilized mining-camp to him—a scene of adventure—a country where the poor are rich and the rich are millionaires. His judgment is based chiefly upon two streams of evidence—the lucky neighbour who came to Canada, made a "strike," and then wrote home about it, using a magnifying pen; and those gorgeous beings who travel in his country from "America" to whom money is nothing and for whom the best is not too good. He sees that, mentally, they are very ordinary people; yet they spend as freely as his own aristocracy. Could not his own grandson, or even his son, thus become an aristocrat—if he had the pluck to emigrate?

**T** HEN he comes. The misery of his coming may be seen by anyone who will stand at the front of the saloon-deck of a steamship and look down on the wind-swept and heaving space where huddle the emigrants, trying to get a little air. They—who were often pictures of vivid colour and bounding grace in their own homes—are here the very climax of ugliness. They are clothed from the slop-shops of the squalid ports through which they have come, purchasing what they were told they would need in this strange new world; and the most hopeful look upon their faces is the droop of patience. The children alone are unconscious—when they are not suffering physically. So they disembark, and receive their first welcome to this Christian land. It is not necessary to regard our arrangements for the needed inspection of these future citizens as other than perfect to realize what the elemental facts of it must mean to these newcomers.

**B** UT they know all about this before they come. Has it not formed part of the Odyssey of the Great Adventurers who have made this journey before, and whose vivid tales were the lure which brought them across the countless miles of stormy sea? Nor need we dwell on their first days here. They sometimes meet people who are not philanthropists—indeed, not to be too blunt about it, they often fall into the hands of devils whose only proper place of permanent residence it is not polite to mention. What I have been thinking of, especially, is after all this is over. They have accepted us—they have found work—they have housed their families in the only homes they can pay rent for—they have felt our winter—they have bought weapons from our second-hand stores, and the police have taken them away again. They are much puzzled and much disheartened; but they are making more money than they ever could at home—if only they did not have to pay so very much more to live.

**A** ND now what do they think of it? Well, look at them. Here comes a party of Italians. The men slouch along in front with heavy faces, though you can see at a glance how vivid and alive they would be if only once they lighted up. The women shuffle behind with shawls about their heads, and little children dragging by their sides. Their speech is quick, unkindly, morose and despondent. And these are Italians—the children of the sunshine. Such a saddening spectacle you could not find in all Italy! The men should not be wearing those clumsy boots—cost two or three dollars—but would be springing along the highway with the light step of the bare-footed, with a gay scarf at the throat and a gayer cap on their curls. The women would not be shuffling—they would be striding along with the free swing of those who carry burdens on their heads and live always in the open. And they would all be merry. The children would play about them like darting swallows; and the

air would be full of music. Do you suppose these dragging pedestrians like the change?

**O** R it may be a party of Syrians. These people are usually less oppressed by their sombre surroundings in this country than the Italians; but what must they make of us with our feverish hurry after gold, our chill hauteur toward each other, our utter absence of human companionableness, unless we happen to have been "introduced," our entire lack of good neighbourliness. In a Syrian community any chance visitor is welcome to the table and shelter of any home he may happen to reach. That is their idea of neighbourliness, and their definition of "neighbour" is as comprehensive as that of Christ. Of course, they will find nothing at all like it in this Christian land. For the Christ

definition of neighbour you must go to the East, and there the Mohammedan will give it you and act upon it as surely as the Christian.

THE MONOCLE MAN.

A Modern Fable

Which Tells a True Story

(With Apologies to George Ade)

**T** HERE was a Man who owned an Orchard. He also owned a Farm. The Orchard was a Part of the Farm. He Worked the Farm and Neglected the Orchard.

The Trees Grew Thick and Some of the Branches Died. Oyster Shell Scale Flourished on the Neglected Limbs. Moths Flew about in July and Laid Eggs on the Twigs. The Caterpillars Hatched in April and Ate up all the New Leaves. The Orchard did not Bring Forth any Good Fruit.

The Man said: "The Orchard does not Pay. It takes up Ground on which a Good Crop of Grain would Grow. I will Cut It and Burn It. I will not have It on my Farm."

But a Young Man came to the County. He was called a District Representative. He Talked to the Farmer who Owned the Orchard. He told the Farmer that He could make the Orchard Pay. He Said that the Orchard needed to be Sprayed and Pruned. He said that the Orchard was Starved and Needed to be Fed. He Offered to Help the Farmer. The Farmer Doubted. But He was Shrewd. He was not From Missouri, but He said: "Show me."

In March they Pruned the Neglected Orchard, and Cut out the Dead Wood. When the Leaf Buds Were ready to Burst They Sprayed the Trees with Lime Sulphur. They Scattered several Loads of Barnyard Manure under the Trees. Just before the Blossoms opened They Sprayed the Trees again with Arsenate of Lead and Lime Sulphur. When the Blossoms had fallen They Sprayed once more

The Oyster Shell Scale was not Active and the Tent Caterpillars Died. The Trees Found plenty of Food in the Soil. Their Leaves were Large and



"A good crop of red apples."

Green. A Good Crop of Red Apples Ripened in the September Sun.

The Farmer Sold Them for a Large Price. He was Convinced. He made as Much Money from His Orchard as He did from All the Rest of His Farm. He Said: "The Young Man was Right. It Pays to Spray."

Moral:

The Neglected Orchard Contains the Pot of Gold that Some Folk Look for at the Foot of The Rainbow.

PETER PIPER

**O** NE of the cleverest novels of the year is "Peter Piper," by D. Egerton Jones. (Cassell & Company. \$1.25 net.) The news that this is the first book by this talented Australian writer comes as a surprise, for "Peter Piper" has all the earmarks of being the product of an author who has done much. But the news that this story has run through three or four editions in England is not a surprise. It is the sort of book which, when one has read it, makes one a missionary, anxious that others shall enjoy the same feast.

Peter Piper was an Australian girl who was brought up as a boy. But the woman in her came to the top when the man came along. For a little the new happiness made a wonderland. But, after, it meant a hell. The story is written somewhat in diary form. Its peculiar charm is its naturalness. It is simply perfect, because it is perfectly simple. "Peter Piper" should have a big Christmas sale.



"He talked to the farmer who owned the orchard."

with the Same Solution. They Sprayed Thoroughly Every Time.

The Sun Shone and the Rain Came.

# The Colossal "Spec" of Mallaby Deeley

A British M. P. Pays Millions to the Duke of Bedford in the Biggest Land Purchase on Record



The Aldwych Theatre and the Waldorf Hotel Will Probably Come Down.



Old Drury Lane Theatre, Sacred to Many a Great English Actor's Memory.

THE greatest land purchase on record involves millions upon millions of pounds sterling, nineteen acres of the heart of London, with many of the famous buildings and precincts, the Duke of Bedford who owned them, and Mr. Mallaby Deeley, M.P., who took them over. The properties known as the Covent Garden Freehold Estate include Covent Garden Theatre, the English tribunal of grand opera; Covent Garden market, once the convent garden of the monks of Westminster away back in the reign of Queen Mary; Drury Lane Theatre, famous for generations of great actors; Aldwych and Strand Theatres, the Waldorf Hotel, the National Sporting Club, the historic Bow Street Police Court, and several printing offices.

The revenues regularly obtained by the Duke of Bedford from these properties are approximately and in part: Covent Garden Theatre, \$50,000 a year; Aldwych Theatre, \$20,000 a year; Strand Theatre, \$20,000 a year; Covent Garden market, \$125,000 a year.



Old Covent Garden Market—What Will He Do With It?

Just what Mr. Mallaby Deeley intends to do with all these historic properties no one seems quite to know. It is generally believed that he intends to rebuild most of the Covent Garden area. The market has long been too small, and may now be enlarged. The opera house is antiquated and may be replaced by a new one. It seems probable that the mysterious Mallaby may erect office and chamber buildings on the areas adjacent to Covent Garden. He has already spent huge fortunes on London real estate. A few months ago he paid \$2,300,000 for a Hyde Park corner with the avowed intention of erecting the finest hotel in the world. Three years ago he paid \$2,500,000 for the Piccadilly Hotel, and spent \$1,250,000 on the St. James' Court property at Buckingham Gate. He is the Unionist member for Harrow, his father was a Liberal leader in Chester, and he has houses in four boroughs.

The whole nineteen acres of purchase involves four theatres, one hotel, one police court, one market, and twenty-six streets.

## JEW S AND JUDOPHO B E S

THE Berlin correspondent of the London "By-stander" has recently sent his paper an informing article on the Semitic question as it affects German political life. In view of the great interest aroused throughout the world by the Beyliss trial, in Russia, this article comes at an opportune moment. It runs as follows:

### Semitic Strife

TO Germans, Jews and Jewry are furious problems. The division between Anti-Semites and Pro-Semites is as clear as the division between Tories and Radicals; in fact it is the same thing. It is doubtful if there is a single German Conservative who is not openly or secretly Anti-Semite; and it is certain that there is no Radical, Socialist, or other "Left" German who is not pro-Semite. It is also certain that there is no German Jew who is not Radical or Socialist. The "Freisinn" Radical Party is dominated by Jews; and the Jews are the brains of Socialism; and lead the Socialist party in the Reichstag.

The only German Jews who are not Radicals are the Christian descendants of Christianized Jews. These are more Tory than Tories. Among them, some say, is the highly Tory Chancellor. That is the same as in Russia. In Russia Greek Orthodox, "true Russian" gentlemen named Rothstein and Goldmann lead the Anti-Semite Black Hundreds, and organize programmes; while men called Ivanoff and Michailoff lead the Judophile "Intelligentsiya." It's the same here. No Anti-Semite is as fierce as a Christianized Jew; and no pro-Semite is so

just, indignant, and declamatory as a genuine Teutonic Radical.

### Press Antagonism

GERMANS in this matter are about as reasonable as Russians—no more reasonable. They are only less violent. During the Beyliss case the "Left" Radical Press took sides violently for Beyliss; and the Tory Press took sides against. True the Tory Press did not proclaim its belief—in ritual murder; but it attacked the Radical Press for prejudging a trial; for meddling in another nation's affairs; and so on; and it explained apologetically that after all—of course nobody—why even among Christians there are bloodthirsty fanatics who—This attitude is not surprising. There is a considerable (non-daily) Press which gives no points to the Muscovite Black Hundred. Its chief organ is *Der Hammer*, which fills its pages with yarns of how little Christian girls went for walks with Jews and were never seen again, or were found in ditches sliced into bits. And so on.

This is the form which German credulity takes—it is no worse than the British form of believing in syring airships and General-Staff waiters. And it is not so pusillanimous. Also one can understand, without justifying, German Tory Anti-Semitism. Here Jews not only run politics, but everything else in a Radical-Socialist spirit. They run, that is, in a political sense, Journalism, Education, the Theatre, Science, and Art. All these are used as instruments against anti-Semite Toryism. This makes the Tories accuse the Jews of unfairly taking sides.

"It was you who took sides first," say the Jews. "You won't have us in your party; so we joined the other."

In Berlin it is impossible to avoid the Jewish question. That is because half the leaders and misleaders of Journalism, Education, the Theatre, Science, and Art, are Jews. Christians spend their time asking if Herr So and So is a Jew; and Jews spend their time asking if Herr So and So is one of us. This distorts your relation to your fellow creatures. The natural way is to find out whether your fellow creature is man or woman, old or young, Tory or Liberal, Suffragette or Anti-Suffragette. But here your primary classification of God's creatures is always into Jews and Gentiles.

### The Bully Enslaved

GERMAN Gentiles dislike Jews because Jews edge them out of all the nobler—and ignobler—occupations. Jews retort that that is because the Gentiles edge them out of all the ornamental occupations: Army, Navy, Civil Service. The Jew has the best of it; because the Gentile Anti-Semite is always in the role of victim; and nobody likes victims. Hence German Judophobia has something lachrymose, helpless, wailing—something one cannot respect. Also the brains, the humour, the subtlety are with the Jews. It is a contest between cudgel and rapier; between—to be in the spirit of George Bernard—swishing knout and tickling big toe. The German bullies the Jew, but he is the Jew's slave. And that is the source of his resentment.

The quarrel will be ended by the better man winning. The better man is the Jew. He has got the racial obstinacy which the jellybag German lacks, in foreign lands he remains a Jew for three thousand years, while the German in foreign lands ceases to be German in three thousand hours.



# REFLECTIONS

BY THE EDITOR

## Mr. Lash and the Navy

AN admirable address on the navy question was delivered by Mr. Z. A. Lash, K.C., to the Canadian Club, of Toronto, on Monday of this week. It was a fairly impartial survey of the history of the controversy and should be widely read by all classes of citizens. In brief, Mr. Lash favours the grant of \$35,000,000 as a temporary policy and a Canadian unit of an Imperial fleet as a permanent policy. He is opposed, as Mr. Borden and Mr. White have expressed themselves, to regular or periodical money contributions.

But equally important, Mr. Lash maintains the position taken by the CANADIAN COURIER that this is a national question and should be "above and beyond party." He does not actually advocate that the two parties should get together, but he asks the country, the Press and the House of Commons to "treat the subject as a national one, outside of party politics."

Mr. Lash is to be commended for his frank request for a broad treatment of this great question. The partisanship displayed by both sides is indefensible, considering that this is both a national and a Britannic question. Party government we must have, but partisan government we should avoid. If Right Hon. Mr. Borden and Sir Wilfrid Laurier are the great statesmen which their friends claim they are, and which their admirers assert most persistently, then they should be able to find a solution for this pressing problem, which all classes of Canadians, autonomists and centralists, native-born, British-born, French-born and foreign-born, can accept with pride and enthusiasm.

## Losing Our Immigrants

DURING the ten years ending June, 1911, Canada received 1,550,000 immigrants. The records of the Immigration Department show that. The Census of 1911 also shows that the native-born in the country increased 947,867. This figure is the net increase, as no doubt a number of native-born left the country during that period. If, then, we add these two amounts together, the total increase in population should have been 2,550,000. But it was not. The total increase was only 1,835,328. What happened to the other 700,000?

Can it be true that 700,000 of our 1,550,000 immigrants went back home or moved on to the United States? Perhaps Mr. W. D. Scott, the superintendent of immigration, will enlighten us.

It is interesting to note the proportion of native-born to foreign-born in the different cities. Eastern cities show more than 95 per cent. of native-born. Montreal has 91.18 and Toronto 90.81. Winnipeg has only 44.08 and Vancouver only 43.80. The lowest figure is Nanaimo's 35.44 per cent.

But the main point is, Where are the lost 700,000?

## Save the Boy

NOTHING can be more humorous than to hear women in slit skirts and osprey-trimmed hats rushing around talking license reduction and crying out "Save the Boy." Almost equally ridiculous is the well-intended remarks of the minister who wants to abolish a few bars to effect the same purpose.

License reduction is a good thing, if there is no legitimate need for the number in existence, or if some of the licensees are not conducting respectable hotels. There are saloons in Ottawa, Montreal and other places which should be eliminated. They should have been done away with years ago. They serve no good purpose and they do not even sell respectable liquor. But the reasons for abolishing these drinking places are not summed up in "Save the Boy."

Cutting down the number of licenses from 400 to 300 or from 100 to 75 will not save the boy. He must be saved by the mother, the father, and the school teacher. Teach him that intemperance is unmanly and injurious to his physical and mental well-being and he will be saved. Make his home life attractive. Give him Y. M. C. A.'s, athletic clubs, reading rooms, and he will not be attracted by the lures of the bar-room.

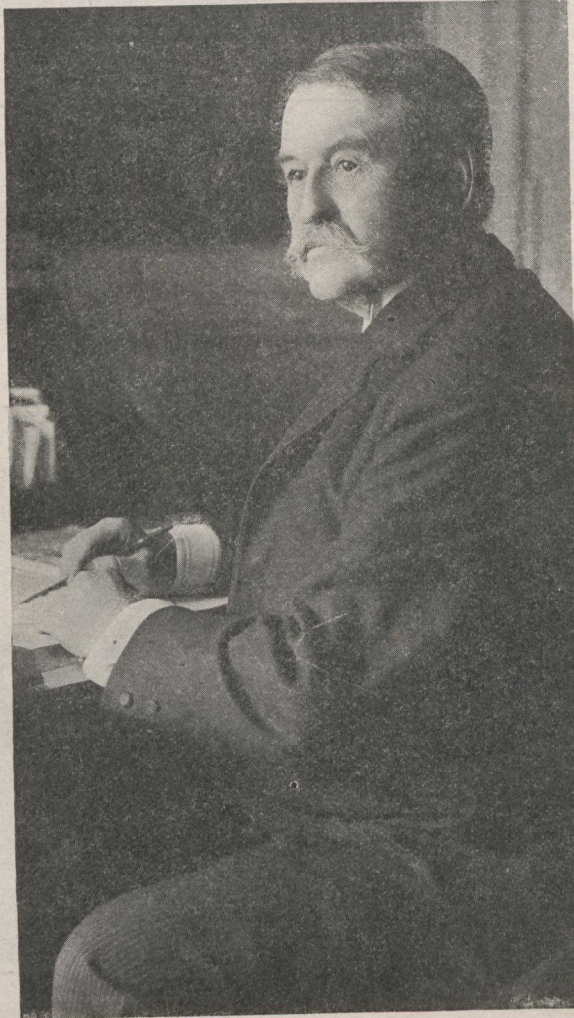
To save the boy, he must be given a real ambition. To know that life is earnest, life is real, and that as a man sows so he shall reap is of prime importance. Take the money received from liquor

licenses and spend it on public clubs, baths, gymnasiums and play-grounds, and the boy will have a chance. A clear, clean mind in a strong, clean body is the best safeguard against dissipation.

## Croakers Grow Silent

DR. MACDONALD, of the *Toronto Globe*, is not talking so much of the decadence of Great Britain, and neither is Sir Hugh Graham, of the *Montreal Star*, telling his readers daily about the great emergency and the approaching naval armageddon. Like the famous prophecies of Rev. Dr. Wilde, these croakings are now almost forgotten.

The truth is that Great Britain was most pros-



SIR JAMES WHITNEY, K.C.M.G.  
Born October 2nd, 1843; Entered the Ontario Legislature in 1888; Became Leader of the Conservative Opposition in 1896; Premier of the Province in 1905; Knighted by His Majesty at Quebec Tercentenary, 1908.

perous in 1913. The war with Germany which might happen in 1912 and was sure to come in 1913 did not arrive. Germany and England are wonderfully good friends. British trade has increased by leaps and bounds, the capitalist is getting a high rate on his savings, and even the farmer is prosperous.

In spite of Lloyd George's revolutionary measures, in spite of the Home Rule agitation, and in spite of considerable social unrest, Great Britain has had the greatest year in its history. The Right Little, Tight Little Islands are likely to retain the world's leadership in finance, industry and commerce for some years to come.

## Busy Civic Days

TORONTO finished up an exciting civic campaign on New Year's Day, electing a mayor, four controllers, and twenty aldermen for another year. The chief topic was, "Shall we buy the Street Railway?" and the answer was, "We shall examine the agreement." Mayor Hocken was re-elected for a second term and fifteen or sixteen of the whole council are said to be in favour of considering the purchase.

London had a hydro-electric fight and the pro-hydro mayor was given a renewal lease of power.

Ottawa had a big fight as to whether it should take spring water from the Gatineau Hills or chlorinated water from the Ottawa River. Mayor Ellis, the Gatineau candidate, was declared the winner.

Montreal is warming up for its four-year election of controllers in February, and the Citizens' Association is raising \$50,000 for the campaign. Its success in 1909 makes it feel sure that it can again elect its "slate."

## Sir James Whitney

THE first Tory Premier of Ontario in almost two generations and the best survival of the real old Toryism of generations before that will probably never again sit at the desk as he is pictured on this page. Sir James Whitney, plain-spoken as a chapter in the Prophets, blunt as a bludgeon and as strongly-marked a personality as our times are able to produce, has been slowly wearing himself down to the edge where the strongest hand and the stoutest heart must let go for the last time. And when he quits Canada in both parties will miss a man whom nobody ever tried to imitate.

Sir James has been the inimitable. Since 1905 Premier of Ontario, he stuck to his guns in Opposition, member for Dundas for many, many years, successor to Sir William Meredith to the left of the Speaker. When Meredith quit to go on the Bench it seemed odd to even the Conservatives to swear allegiance to this man so unlike Meredith, yet so like him in many ways. It seemed strange to the Liberals to face a man so essentially all that Sir George Ross, their own leader, was not. James Whitney took the leadership much in spite of public opinion, because the party saw in him a man of unmistakably strong character.

And it was the personal character of Sir James that made him the strong head that he has been. He was never born to be a leader. But he led. He seldom or never followed. The lawyer from Morrisburg knew that he had no great gifts as an orator, no suavity as a leader, no skill in strategy or subterfuge. He had been long enough member for Dundas to be sure that if he ever became Premier of Ontario he must play a role more diverse than any of those who had preceded him on either side of the House. He knew that he was by nature an administrator. He was himself much the admirer of plain Sandfield Macdonald; and in many respects much like him. But James Whitney undertook to lead a party in the name of the people, when in his own temperament he cared less for what is known as the public than any other leader in Canada. And for eight years he has ruled Ontario by something like an enlightened despotism, that somehow always managed to go down with the democracy.

Why? Because Sir James had the gift of uncompromising courage. He was bold enough to be brusque to any man. He was plain enough to sling off his coat on a hot day and administer Ontario in his shirt-sleeves, not caring what page boy saw him loose in the corridors. He was man of the people enough to walk, morning by morning up University avenue from the Queen's Hotel, where he habitually had his room as member and Opposition leader; trudging heavily and alone, not caring for palaver or courting observation. When bicycles came into vogue it might have been said that Sir James would have been the last man in office to take up with so unsteady a thing. But in a few years the bicycle of James Whitney cutting corners over the grass heedless of the notice "Keep Off" became as much a characteristic as that square high hat and that ominous, circumstantial cough. When he became a bit too unwieldy for the bicycle he condescended to ride in a carriage, when he looked as though for just one more wiggle of the nigh horse to switch off the flies he would get out and walk to Queen's Park. About a year ago his Conservative friends in the Legislature clubbed together and bought him an automobile.

That was the last open concession to custom that Sir James ever made.

He was never a concessionist. He has always been a real Tory. He believed in keeping hard and fast the opinions and the admirations and the political tenets that he had formed in his youth. He was essentially a plain man; a democratic autocrat; by nature so plain that he was always glad to be one of the people devoid of the frills that spoil weaker intellects when they come into the limelight; by habit of mind so set in his opinions and his convictions that he never believed in changing them just because his colleagues once in a while shifted their base without differing too much from Sir James. He clung to his old friends as lichen to a rock—when he himself was the rock. He kept his Cabinet together when under a less iron hand there might have been defection. He resisted any overtures to go to Ottawa, preferring to remain the democratic despot of Ontario. He kept his old-fashioned ideas about the Empire when other men were losing themselves in mazes of new doctrine. Yet he was always an amazing student of American politics from his habit of reading American newspapers. And the truth that was in him, often compounded of fictions and traditions, he kept because he respected the forces that had made this country in an earlier and rugged time.

He imitated nobody living. He was himself imitated by none. Sir James Whitney leaves on this coun-

LATEST PICTURES OF STEFANSSON PARTY

try the mark of a strong, paradoxical character that never knew what it was to compromise for its own sake. Like his almost namesake Fitz-James in "The Lady of the Lake" his motto was:

"Come one, come all, this rock shall fly  
From its firm base as soon as I."

In the essentials of his character he embodies the forces that made this country what it is. He suggests the woodsman's axe and the clearing, the road through the bush—the rugged tribune of the plebes, who might have been uncomfortable on the other end of a crosscut saw, because he had rather run both ends himself. A. B.

Stefansson in the Arctic

NO message from the far north has yet come to prove that Stefansson, the explorer sent out last summer by the Canadian Government at a cost of \$75,000, is safe in his winter quarters. Stories have come out that he and the northern section of his expedition, separated from the others and away from the winter quarters of the Karluk,

A TUNNEL MISHAP.



A Train was Buried by the Collapse of a Tunnel in Saxony, Europe. Cause, an Earth Tremour. Fifteen Persons Were Brought Out Injured, but a Large Number Were Killed.



The Canadian Explorer and His Party Leaving Alaska for Fort Smythe. Stefansson is Bareheaded.



The Karluk, Stefansson's Master Ship, Frozen in the Ice Near Herschel Island, on the Arctic Ocean.

UNITED STATES GETS A NEW CURRENCY LAW

are marooned and probably lost without adequate supplies in a strange country. The stories have not been verified. Twice, however, on Dec. 23, 1913, and on Jan. 3, 1914, reports have come to Ottawa that the Mary Sachs and the Alaska, the two auxiliary vessels, are safe at Collinson Pt., frozen in since Sept. 27, with no damage to either vessel from the ice-packs. The first report, following some days after the rumour of disaster to Stefansson, was sent by runner from Collinson Pt. to Circle City, Ala., and reached Ottawa, Dec. 13. In that message Dr. Anderson, in charge of the anthropological section, reported the Karluk safe in the ice-packs near Pt. Barrow as early as August 19th. The last report comes from Capt. Lane of the Polar Bear, which went north with a company of scientists and sportsmen from Seattle. The Polar Bear is frozen in at a point between the ships of the southern section, the Mary Sachs and the Alaska, and Herschell Island at the mouth of the Mackenzie.

Just what are the facts about Stefansson is hard to conjecture. A very general idea seems to exist that the commander of the expedition sent out to make a complete study of the north Arctic and the land of the blonde Eskimo is in trouble, separated from his base of supplies, the Karluk, and probably short of ammunition for hunting purposes. Experienced trailmen from the north are of the opinion that there has been a falling out among the crew of the northern section.



Democratic Members of the Congress and Senate Currency Committees in Washington Settling Differences Over the New Currency Measure. The Bill was Signed by President Wilson on December 23rd, and will be known as the "Federal Reserve Act. Left to right—Senator O'Gorman, N.Y.; Rep. Korbly, Ind.; Senator Reed, Miss.; Senator Hollis, N. H.; Senator Pomerene, Ohio; Senator Owen, Ckla.; and Senator John F. Shafroth, Col. Rep. Carter Glass not shown.

# A FINANCIAL REVIEW OF 1913

## Market Observations

By THE FINANCIAL EDITOR

**A**NY man who invests a thousand dollars in each of the ten leading stocks and bonds right now will be a richer man a year hence. In other words, the average is low.

When you buy bonds valued at one thousand dollars be sure to ask your broker to sign this little deposition: "There was no common given as a bonus with this bond." You see the broker may have forgotten about the common, or it may have got mislaid. Then, you know, it is sugar, and sugar melts.

If your wife wants an automobile buy her a \$100 bond paying 6 1-2 per cent. and promise her another one two weeks hence. Nothing like getting her mind off it. Besides, hundred dollar bonds pay better dividends than even the Fords.

Speaking of Fords, did you notice that Mr. Henry Ford now ranks next to John D. Rockefeller as an income tax payer? What do you think of that? Both of them in the gasoline business!

A foolish newspaper in Montreal has figured out that the listed and unlisted stocks on the Montreal and Toronto markets have declined in value during the year to the extent of \$156,000,000. But it did not say whether that was all the air the brokers pumped into these same stocks in 1912.

What the investor really wants to know just now is, Has all the water and air been squeezed out, and is it safe to buy? Have those broker-millionaires got all the steam yachts, castles and knighthoods they need for the present? Is it safe to take a chance in Canadian industrials?

This "rising" and "declining" market business is only a red herring. And so is the talk which the brokers and bankers give to the daily newspapers. There is one thing noticeable about this talk in the commercial pages—the brokers cannot read it without smiling. It relieves the dullness.

Our office boy suggested that instead of calling it a "declining" market, it would be more delicate to say "reclining" market. Just then one of the advertising staff led him off by the ear.

A Toronto millionaire is offering a prize of \$1,000 for a reliable essay on "Standard Stocks." The aforesaid m'll're says he'll be wowwowed if he ever found one of them standard. His only consolation is to think of New Haven—formerly standard at \$250 and now standard at \$70.

Brother Dickinson, of the *Financial Times*, says: "The year 1913 was  
A Rich Man's Slump."

"The year 1914 will  
Be an Investor's Boom."

Everybody knows the first couplet is wrong—we are not rich men and ours slumped. As for the second, we should like a signature on the back.

C. P. R. stock shrank ninety millions during the year. When it shrinks another ninety, Canadians may begin to buy it. We have mighty little use for 5 per cent. stocks these days. Six or nothing we must have, and usually a little bonus on the side.

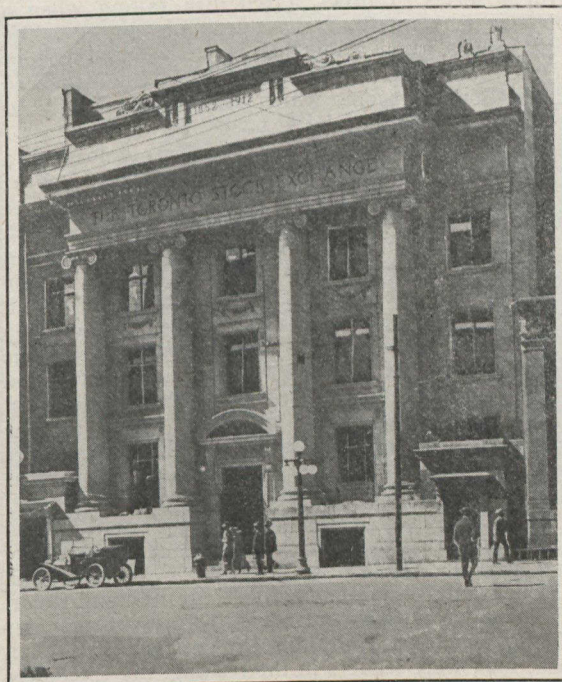
Even the immigrants from Austria and Sicily know that the brokers over here are idle. The first decline in immigration in recent years occurred this year—3 per cent. in August, 21 per cent. in September and 24 per cent. in October. Funny how

those foreign navvies hate coming over here when the brokers' autos and yachts are laid up for repairs. They may not be cute, but they are very knowing.

Some clerks in the brokers' offices were very sad when they heard the boys of the Commerce got a ten per cent. bonus at Christmas. But then it is a long worm that never turns.

Everybody says it was the real estate boom that did it. But was it? Which has fallen most, inside real estate or inside common stocks? Of the two evils, watered stock and subdivision lots, one is as bad as the other; but good real estate got no black eye in 1913. The supply of good central property is limited and pretty certain.

Some day Canadians will learn that it is dangerous to invest money in stocks based on Central and South American securities. There has been much money made out of flotations, but these



Facade of the New Toronto Exchange. It is Roman in Character, But Simple and Dignified.

stocks are poor stuff to put in the Christmas stockings of innocent children. As a speculation they are great; as an investment they are different.

A wife costs \$1,000 a year, says the United States Government. Therefore it exempts from taxation incomes up to \$3,000 in the case of single men and \$4,000 in the case of married men. Most of them are dirt cheap at the price.

John D. Rockefeller must pay seven per cent. income tax. This will reduce his income from \$30,000,000 to \$27,900,000. Isn't that sad?

Winnipeg *Telegram*, in flaring letters, says, on December 23rd: "Premier Borden declares Dominion Faces Another Period of Development." Well, what if it does? We have worried through several of them and it is just possible we can recover from another one. Keep cool, brother.

Winnipeg's first horse car ran on Oct. 21st, 1882; its first electric car in July, 1891. Now the Winnipeg Street Railway Company employs 2,000 men and carries more than fifty million passengers every year. There are 351 cars on the city system and 54 on the suburban. And yet, they say Canada is borrowing too much money!

## A House-Cleaning Year

By H. S. MORRISON

**P**EOPLE having investment stocks or bonds witnessed the passing of the year 1913 with a sigh of relief. It had been a time of storm and stress for them. Some of the strongest companies reduced their dividends and the market prices of even gilt-edged stocks reached a lower level than had been quoted for several years. It was a shock to see Canadian Pacific quoted at 204, and Brazilian at 81, Barcelona at 26, Twin City at 106, Dominion Steel at 37. All the active stocks were quoted lower at the end of the year than at the beginning.

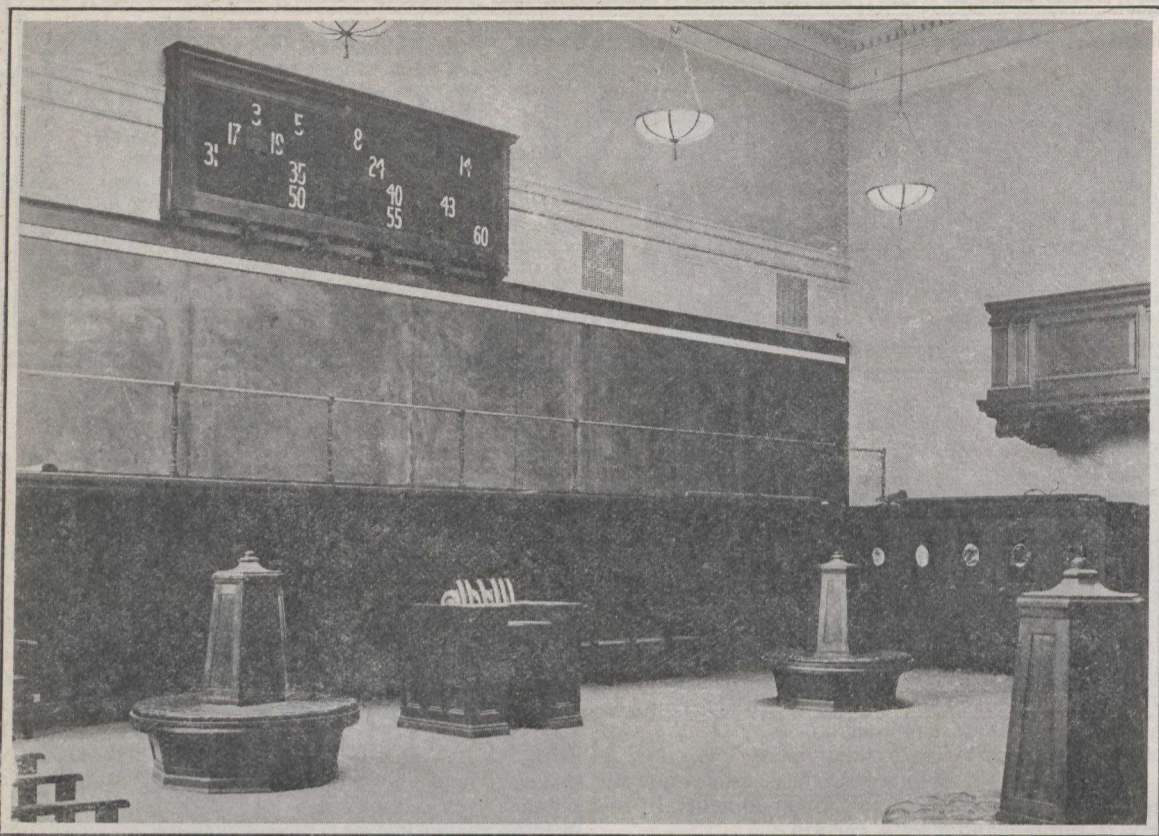
But at the dawn of 1914 it was generally realized that there was a general cleaning up of the financial sky. As one eminent financier expressed it, "The rain has ceased and the sun will soon be shining again." Since the bottom was reached last June stocks have risen sharply and actively for a variety of reasons which have combined to provide impulses for purchases not only of a speculative but of an investment nature, and a better inquiry for bonds at improving prices has coincided with the new phase of the share list. Stock market recovery after the bottom of the year's decline was reached last June went further by mid-September, and during the remaining months of the year there were many evidences of a general readjustment in the situation. It is generally considered that stocks and bonds have seen their low level and that the new year will witness an improvement.

The chances are that contraction or depression will continue longer in trade and industry despite the new tendencies in the stock market, just as business activity and prices were maintained after the financial markets had not only entered into a renewed season of liquidation but had made considerable progress therein. These differences are, however, familiar phenomena, and securities have been certain sooner or later to anticipate a change for the better in commerce and manufacturing.

Several things transpired during 1913 to improve Canadian conditions in the new year. The reduction of the United States tariff has operated to open the markets of that country to Canadian products, and has already been of great benefit to the western provinces. Real estate speculation has been checked by the money stringency. Extravagant methods in business have been stopped by the same condition. In the past, for some years, real estate and other assets were "written up" on the country's books, and extravagance was the order of the day, both in business and private life. Had this continued much longer it must have swept the country into a more serious reaction, from which it would have taken many years to recover. But there seems now no cause for despair. It has become realized that not only should a sane stock-taking be had, but that operating expenses of the shop, the manufactory and the home must be reduced. With such a policy under way it may happen, as it has before, that at the end of a given year the heads of some businesses may find that, with a lesser volume of output, net profits have quite held their own or increased, and individuals that they have added to their savings.

The dawning of 1914 saw both bonds and shares on a low basis, and it is probable that investors who miss all the present opportunities of buying will, in the absence of some unforeseen catastrophe, have to pay very much higher prices later on. True, many conditions have been unfavourable, and are only just clearing, but prices are as low as they are because of these conditions. Investors cannot wait until all unfavourable conditions have been dispersed and then buy at low prices. When they have all cleared, prices will naturally be much higher.

Money is decidedly more plentiful now than it was a few months ago. There is now a market in London for first-class debentures, whereas at one time in 1913 it was impossible to sell Canadian se-



WHERE BULLS AND BEARS WRESTLE

Steel and Glass Quotation Board in Toronto's New Exchange. Above is "Annunciator" to Call the Members to Phone or D or.

curities there at any price. The rate demanded is tight, but funds are not being refused.

1913 was a house-cleaning year. It will not be remembered as a pleasant period by many. But now that it is over people generally will go ahead optimistically to reap the benefits of the experience.

## Toronto's New Exchange

By H. S. MORRISON

**A**N event of importance in Toronto financial circles was the opening, on Saturday, January 3, of the handsome new building of the Toronto Stock Exchange, the finest structure of its sort on the continent, outside New York. The members hope that the new quarters will bring good luck, and that the gloom which has been hovering over the Exchange throughout 1913 will be dissipated by a change of surroundings. The older members recall that when the organization moved into its quarters at 20 King Street East, it experienced an immediate boom in stocks, which continued for three years.

The new structure is situated on the west side of Bay Street, south of King, and is much larger and more elaborate than was originally planned when the members decided to move from their recent home.

John M. Lyle, architect of the new building, explained the solution of the problem as follows:

"We have so designed the building that in the event of it being necessary for the Exchange to extend, and to tear down the adjoining structure, the interior of the new Exchange will be a symmetrical room. The steel for the roof has necessarily been made heavy to take care of the change when called for. The character of the principal facade is Roman, and we have endeavoured to design a building that will be simple in its general characteristics and of a dignity worthy of the Toronto Stock Exchange.

"It was, of course, necessary to have a central entrance for Exchange members only and separate entrances for tenants in the office building section. On entering the Exchange building one passes through wrought-iron gates and revolving doors to a marble vestibule. This vestibule gives directly into the trading room, and also into the members' cloak-room, wash-room and strangers' room, and is also connected with the main elevator service. The trading-room is 56 feet 8 inches long, 43 feet 3 inches wide, and 34 feet high. It is lighted from a large skylight in the ceiling and from windows at the rear. Immediately back of the trading-room, and connecting directly with it, is the members' lounge room. Both these rooms are panelled in oak to a height of ten feet."

One of the most interesting features of the trading-room is the great steel and glass quotation board, allowing spacing for all local and outside stocks. Over this is an annunciator board, which is operated from a plunger board at the switch-

board desk. This board is modelled after that in use in the New York Stock Exchange. It is dotted with a series of disks, a red disk falling when a member is wanted at the telephone, and a white disk falling when a member is wanted at the door of the Exchange. A smaller annunciator is placed in the lounge room, which acts automatically at the same time as the large board.

On the floor of the trading-room is located a pneumatic tube station which commands a view of the quotation board in order that telegrams may be dispatched quickly to the telegraph rooms, which are situated in the basement of the building, and also to the printing office, which is located in the annex. The tube service is also connected with certain brokerage offices in the main building.

Along the easterly wall of the trading-room is a visitors' gallery, so that the curious or interested may observe the operations on the floor.

In the Exchange Building proper there are four floors with offices to rent, and in the annex there are six. Most of this space was engaged by various financial firms at the time of the opening.

Only five members of the original Toronto Stock Exchange are alive to observe the glories of the new building. They are Messrs. C. S. Czowski, R. Cochrane, R. H. Temple and Sir Edmund Osler, of Toronto, and Ewing Buchan, at present manager of the Bank of Hamilton in Vancouver. When these men were leaders in the trading, the Exchange had its home in a small room in the rear of the offices of Pellatt and Osler, who, in the 70's, were the leading brokerage firm of the city. Mr. Osler (now Sir Edmund) withdrew to form the firm of Osler and Hammond, and the Pellatt firm is now conducted by Sir Henry M. Pellatt and Mr. Macrae.

The original membership of the Exchange was forty, but this number was recently increased to fifty, because it was necessary to provide funds for the new building. The additional memberships were all sold at one price, \$20,000. The present bid price for membership is in the neighbourhood of \$18,000. There have been no recent sales.

## Real Estate Outlook

By W. S. DINNICK

**L**OOKING over the year just closed one fact asserts itself strongly—that for nine months real estate has been assaulted in general terms and in detail, and by people of powerful expression, and yet to-day is on a sounder, safer basis than it has been for years. The constant criticism has been beneficial.

While better for the tests to which they have been subjected, realty interests have suffered much. The checking of long distance speculations, which in the West should have happened two years ago, has meant large, outright losses to small Canadian investors and to English capitalists. With some people there will remain for years a prejudice

against all classes of real estate. Legitimate investment in the main, will not be halted, for people always realize that well chosen property is the surest, as well as the most popular form of investment in all countries.

Western town-lot speculation has been driven out of the thoughts of Canadians and little will be heard of new ventures for many years. Many of the "boomers" have crossed over into the middle western states, where they are trying to repeat their Canadian performances. Although, as here, municipal authorities have been inveigled by flowery words to take a hand in unbounded civic boomings, the results are indifferent. So it appears that the West will be undisturbed by "quick money" outcries and will settle down to energetic, thoughtful work. This will most likely be shown in an increased area of cultivation this spring.

In some quarters of the larger Western cities business property values have come under close and sober scrutiny and have shrunk from it. This class of property has a definite earning value and there is not, now, a disposition to over-estimate it or to overlook the fact that the value of buildings tends to keep stationary rather than go ahead except in the uncommon periods when labour and building materials take a smart price advance.

What has been taken to heart in the West, in fact all over Canada, is that realty business is a science that requires close application and manifold experience as its price of success.

Another thing learned—and to my mind this is one of the best arguments for optimism as to the course of real estate during the coming year—is that realty, like all lines of business, demands service from the individual. Real estate, more than any other form of wealth created by man's activities, will acquire quickly unearned accretions, but the day of remarkable and unexpected leaps in prices without some sort of service in the way of development and improvement to the property is not with us now. The man who will make most money out of real estate in 1914 is the builder. The man who takes hold of raw land and evolves a residential neighbourhood with all utilities and with aesthetic merits will also benefit more in the future than in the past, when the public gave indiscriminating support to any property provided it was cut into "building lots."

So now to-day we find, after nine months of comparative quietness in the realty market, the public mind shaping toward realty propositions that will stand unflinching before searching investigation. We find business property in the larger cities of Canada steadied and its valuation made, first, upon an income basis, and second, upon closely studied population and business records of the past applied to the future. Guess-work is done away with. Then we find suburban dealings, which were growing interurban, restricted to a temperate volume. In Toronto, just as an example, not more than eleven thousand newly created building lots should be platted and sold in a year. This year the figure will not be attained according to January indications. People buying suburban land should always consider that only so much land can come annually into use, and one lot to every four new comers is a fair approximation; it allows for other purposes than residential.

The one thing only that may stand against an active movement of real estate throughout the coming year is the high cost of money. Builders are sitting back waiting for the financial institutions to bring the prices of loans down to an amount proportionate to that charged on commercial paper. Since the high mark of last spring there has been a steady decline in the rent of capital, but property interests have not noticed it yet.

Toronto's outlook is bright. That property is on a rock bottom basis is well shown by its present steadiness in face of high money and commercial recessions. When general trade is poor, real estate always becomes slow in movement. To offset this, if there is no watering of values, prices will not decline. People cling tightly to their property when there is little demand and when effecting a sale is not easy. There is less property on the market than a year ago.

The year is full of promise for Toronto real estate. The large money loaning institutions will be a little milder in their demands for accommodation if the real estate and building public do not borrowing until money rates are down to a reasonable standard. That the builders and realty owners can afford to hold off is displayed in there being during the year no instance of a builder failing in business. Forced sales of property are a rarity.

With easier money and some promise of a settlement of the surface transit problem, residential realty will be active all through the year. The builders will make amends for their quietness of the past summer and a lot of vacant land that is now

lying dormant will be improved and taken off the market.

Apartment house construction in Toronto will not be a prominent factor, unless some one appears with a plan to construct apartments that will rent at cheaper rates. The demand for high priced suites is at the moment satisfied.

I look forward to industrial and commercial property being a feature of this year's trading. When business begins to expand again many plans for extensions that had to be deferred will be put into execution.

House sales will be moderately active. The suburbs are going to get a great deal of attention. There is also a feeling apparent that the values of houses in the older neighbourhoods of the city should not be much beyond what similar houses can be duplicated for in the outskirts.

Speculation will be a factor in real estate this year, but a small one. Most of the trading will be in investment properties and properties purchased or leased for occupation. The building record of the Canadian cities, especially Toronto's, are particularly gratifying. When placed alongside American figures, city figures, they show that across the line the money stringency and commercial pessimism was even more taken to heart than here.

## Manufacturing in 1913

By THOMAS FINDLEY

(General Manager of the Massey-Harris Company)

THE past year has been one of extremes. At the beginning most manufacturing concerns were busy preparing for an average year's business. Towards spring it became evident that the 1912 crop had not liquidated the indebtedness of North-western Canada to anything like as large an extent as anticipated, and this, coupled with the money stringency which began to be felt about the same time, curtailed the volume of orders very rapidly, causing a general trimming of sails to meet the new conditions. What had promised, therefore, to be an average year from a standpoint of the production of factories was probably not better than 75 per cent. of an average, the most of the reduction in output being in the latter part of the year.

At the beginning of 1913, and indeed up to March or April, there was an unprecedented scarcity of labour, both in Canada and the United States. This applied not only to skilled, but also to unskilled, labour. Industries were greatly handicapped during the winter and early spring from this cause both indirectly as well as directly because of the difficulty of securing their materials. Such industries as used steel as a raw material were quite largely crippled for a number of months through the inability of the steel mills to fill their orders, some of the steel mills being booked full for as much as nine months.

The very sudden check, however, in production, referred to above, reversed the labour condition more quickly perhaps than ever before, and labour from being in demand much above the supply was suddenly much in excess of the demand.

In seeking for the cause of the lessening of trade in Canada, the first and most important factor was undoubtedly the spirit of economy which prevailed so largely over North-western Canada during the year, when it was once realized that the 1912 crop had left the farmers of the West with a huge indebtedness, and with creditors, owing to the tightness of money, pressing for payment much more urgently than in previous years. The lessened buying quickly reflected itself in the retail trade and thence through the wholesale trade to the manufacturers. From the manufacturers' standpoint to this lessened buying had to be added the more conservative stocking of the retailer as a result of the tendency of things, and also the necessity on his part of lessening his own stocks because of the money stringency.

Looking forward into 1914 it would seem as if even with no increased buying on the part of the consumer, that the manufacturers must enjoy a somewhat larger trade because stocks generally between themselves and the consumer are so much less than a year ago. Another condition that should make for improved trade is that notwithstanding that Western Canada will probably find it advantageous to buy carefully during 1914, they are in a position to purchase more largely than in 1913. The year's economies followed by a good crop have certainly reduced the indebtedness of the Western consumer very considerably, and while there will be no such volume of goods sold as in 1911 or 1912 there should be substantial improvement over 1913. Further, all legitimate business, owing to a general trimming of sails because of the financial condi-

tions, is now on a sounder basis and able again to expand within reasonable limits. Labour is plentiful; money is likely to be easier for any purpose except that of speculation, and manufacturers are entering the year 1914 with confidence.

## Bonds During 1913

By H. J. GUNDY

(Of Wood, Gundy & Co.)

THE outstanding features in reviewing the bond market for the year 1913 is that Canada's borrowings reached a high record mark in a year when general financial conditions were distinctly unfavourable, and prices in consequence low.

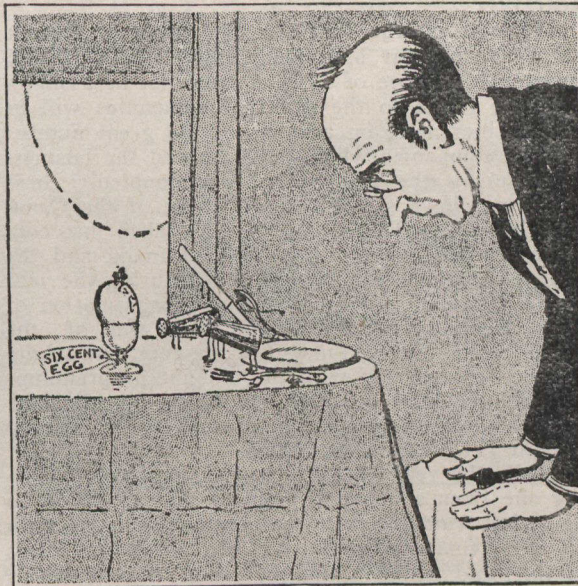
Canada has drawn from London during the past year over \$284,000,000, which is about double the amount borrowed in that market in 1912, and exceeds the previous high mark set in 1911 by approximately \$85,000,000.

The figures of Canada's total borrowings in London for the past four years are as follows:

1913 .....	\$284,104,968
1912 .....	126,233,600
1911 .....	199,530,000
1910 .....	175,200,000

The Dominion Government has been responsible for \$35,000,000 of this year's demand on London. Provincial Governments' issue account for \$12,000,000. Municipal loans took \$65,000,000, Railway, \$121,000,000, and Industrial Securities of various kinds, \$50,000,000.

In addition to these London borrowings, the



"The Autocrat of the Breakfast Table."

—Brooklyn Eagle.

United States market, which has always taken a certain amount of Canadians, has this year been attracted by the high rates, and as a result an unprecedented amount of municipal loans have been taken by that market. An estimate recently made shows approximately \$30,000,000 of this class of securities placed in the United States. While this is a market that is primarily attracted by high rates, there is no doubt that the increased interest stimulated this year in Canadian securities will to a considerable extent be retained.

Some criticism has been directed against our municipal borrowings, and the basis of this criticism has been the rapidity with which one loan has followed another. In some quarters a feeling was apparent that municipalities were spending money somewhat extravagantly, or were over-borrowing. It has, however, been quite unquestioned that Canada generally has been developing very rapidly, and the scope for further development practically unlimited, and this development could not be undertaken without a large influx of foreign capital.

If the expenditure could have been spread over a period of several years—as it would have been in a slower growing country, there would be found little, if any, criticism. The very rapidity of the development, however, has made necessary the providing of municipal equipment in a manner hard to understand for those accustomed to a more gradual increase.

Those who have taken the trouble to thoroughly investigate municipal expenditure in Canada recognize, that with very few exceptions, the money has been carefully spent, and the spending of it now is not only necessary to the health and prosperity

of the communities, but is sound economy, since it brings about early retirement of necessary capital expenditure, and leaves the municipality free to carry out at a later date extensions and improvements without financial embarrassment.

Most, if not all, of our larger municipal bodies are recognizing that it is necessary to submit all expenditure to an even more rigid test as to its necessity, and in so far as it can be done with safety, to reduce the aggregate of the borrowings. In this respect the year's experience has been of great value and the lesson of the stringency during the year is not likely to be lost.

## Trust Companies Prosperous

By THE FINANCIAL EDITOR

THE business of trust companies is one which has sprung up to a great extent in Canada during the past few years. For many years we had, in Canada, only three or four trust companies really engaged in the business for which these companies were originally formed, the administration of estates. Of late years, if one can judge from the variety of business transactions which these corporations, designated by the name of trust companies, carry on, the original intent or purpose has been lost sight of altogether, with the exception of a few companies.

The rapid growth of Canada and the development of various industrial concerns has no doubt been accountable for this. Many of these so-called trust companies, in place of, as their name would imply, enter largely into the business of underwriting and more often into dealing in real estate, but this applies more generally to the western provinces than it does to the companies doing business in Ontario and Quebec, although in these provinces there are some companies which might be better off to-day had they left this class of business alone. In boom times they may have had their uses, but when such a general depression such as has taken place during the last two years, trust companies which have entered into the class of business we have been describing, are liable to want for legitimate business and we doubt not but that some of them will see their finish before long.

The old, the tried, and the reliable, have nothing like this to fear. They have been building up their business on a solid foundation and the accumulation of estates which they have been administering for years past will tide them over any depression which may take place. Through their integrity and fair administration of estates they have gained not only the good will, but the respect, of the public, and, where a few years ago, the general idea of administration of estates was private trustees, to-day, this is almost a thing of the past, especially in the provinces of Ontario and Quebec, the trust companies doing practically all this class of business.

Many of our trust companies in the east have branches in the western provinces, and with ready money on hand to invest they have been able, during the past year, to secure the best class of investments and at a much higher rate of interest than for many years. Money has been in demand and as a consequence these institutions which are always particular as to the class of investments they make, being limited by the Trustee Act, have made profitable investments for their clients and, no doubt, the financial statements which will shortly be forthcoming will show results as great, if not greater, than ever before.

## Life Insurance

By THE FINANCIAL EDITOR

IT is still early in the year to gather any accurate information with respect to the amount of life insurance which was done during the year 1913, but from the different reports which we have received from the companies which do business in Canada it is altogether likely that the amount of new business written will exceed that of 1912 by a very considerable amount.

Hard times, in place of being a detriment to life insurance, is often a cause of increase in the business. All other means of making a provision failing, life insurance is resorted to, and in this way companies will undoubtedly reap a harvest which other financial institutions doing business in Canada may not, and possibly will not, secure.

While it is true that a large amount of insurance may be written, we can take it for granted that the companies, taken as a whole, will have to carry many of their policyholders for the first year's premium for a certain time. Ready money has not been available throughout Canada to the same extent which it was a year ago, and the question of

competition entering largely into this business, we have no doubt the insurers have taken advantage of this and many of them are carrying their first premiums on notes, consequently, the amount outstanding at the end of the year will undoubtedly be considerably greater than that of a year ago.

While the money situation to a certain extent has been adverse to life insurance companies, on the other hand, they have been in a position to take advantage of securities which have been at a lower level than for many years past, and it was no common thing for life insurance companies to secure municipal and government debentures to earn from 5 1-4 to 5 3-4 per cent. No better class of securities than these could be secured.

On the other hand, they will have to take into consideration in making out their financial statements for the end of the year, the decrease in the price of securities held by them over a year ago, and this will necessitate a writing down of these securities to their market value on the 31st of December. It may be that this will, for the time being, occasion considerable loss to some companies which have invested largely in stocks of industrial companies, but, as they are not forced to realize on the same, it will be largely a question of book-keeping, as undoubtedly these stocks, bonds and debentures which show a decrease over a year ago will come back to their level, if not this year, in a short time.

There has been one feature in connection with life insurance companies in Canada during the past year to which we wish to call attention, and that is the enormous amounts which have been secured from the companies on loans on policies. We have drawn attention to this question more than once during the past few years and we are pleased to note that at the recent meeting of the Life Insurance Presidents of the United States, this question was brought up and discussed. A most able paper was read before this institution by Mr. Arthur E. Childs, President of the Columbian Life Insurance Company, of Boston, Mass. The opening of his paper is startling, indeed, and it would be well for the general managers of the life insurance companies in Canada to take warning by what he says:

"Where will the unrestricted right to borrow on policies lead us? What must we do to avoid being led into an undesirable position? The percentage which policy loans and premium notes bear to total reserves as reported by various companies in the Insurance Year Book for the years 1888 to 1912, inclusive, show an increase from 3.62 to 16.03 per cent."

While we have not made any calculation as to what the exact figures are for the Canadian companies from the amount of loans on policies during the last two years, we doubt not but that the same percentage would apply to them.

WHILE the year 1912 was far the best year for life insurance companies in Canada, they having secured business to the amount of \$219,205,103, we have no doubt the year 1913 will show an increase over and above this, and as for many years past, we expect to see the Canadian companies doing practically double the amount of business of the combined British and American companies. The total insurance in force at the beginning of the year, in Canada, by all companies, was \$1,070,308,669, and the present year should show an increase of from \$40,000,000 to \$50,000,000. It may be interesting to note in connection with life insurance that the death rate for the year 1912 showed a decrease over the previous year, and the question being taken up and the literature being diffused by life insurance companies will undoubtedly have the effect of still further decreasing the death rate, which is possibly the greatest economic feature to be dealt with in the building up of a nation.

The past year, however, with respect to life insurance, has also had its darker side. First came the failure, or the re-insurance, of the Union Life Insurance Company of Canada with the Metropolitan, of New York, and it was fortunate indeed for the policyholders of the Union Life that such a great company as the Metropolitan was willing to take over and protect them against the mismanagement, or careless management, of the Union Life. As a consequence of their public spiritedness in this connection the policyholders of the Union Life have the protection and all the assets of the Metropolitan behind them. On the other hand, the shareholders of this defunct company are in an unenviable position, losing as they will everything they have put into the company, and they will be fortunate indeed if they are not called upon to pay further calls to liquidate the outstanding obligations of the Union Life.

Another company which met with difficulties during the past year was the Home Life Associa-

tion of Canada. This company was practically under the same management as that of the Union Life, and the unfortunate investments which were made by the gentlemen at the head of its affairs were so serious that the Insurance Department for some months past had only been giving them a monthly license to enable them, if possible, to place themselves in a solvent position. Not being able to accomplish this, they were forced either to go into liquidation or re-insure the outstanding business. It was fortunate again for the policyholders of this company that the Sun Life of Canada agreed to take over and re-insure all the outstanding policies of the company. The shareholders, we understand, will receive little or nothing on the amount of capital paid in by them.

Several life companies have been in process of

organization during the year, but whether they will, in the near future, have sufficient capital subscribed and paid up to enter actively into the field of life insurance is a question which no one but those at the head of affairs can tell.

The Empire Life Assurance Company of Canada, a company incorporated in the year 1911, has been actively engaged in securing capital during the past year. This company proposes to enter the field largely for the purpose of insuring sub-standard lives. It is quite a new departure in Canada, and whether the company will meet with that success that the organizers anticipate remains to be seen. In England, where one or two companies transact this class of business very largely, it has met with a fair amount of success, also in some of the European countries.

## Expansion in Fire Insurance

By THE FINANCIAL EDITOR

WHILE it is rather early in the year to determine the exact condition of fire insurance in Canada for the past year, it goes without saying that from the amount of losses which have been reported month by month, the year 1913 will not prove an overly satisfactory one for the fire insurance companies doing business in Canada. Up to the first of December the fire losses in Canada were practically \$25,000,000, and we may safely add, from the report of the various fires which we had from day to day, another \$2,000,000 for December, making the total fire losses for Canada for the year 1913 at least \$27,000,000, as compared with \$22,900,712 for the year 1912.

While it is true that the fire losses in Canada for the past year have been practically \$4,000,000 in excess of those of 1912, it must not be assumed that the losses to the different companies will be greatly increased, on account of the great number of new companies which have entered the business field during the last year, as undoubtedly these companies have secured a fair share of the Canadian business. There must also be taken into consideration the natural growth of Canada and the gradual increase of insurance taken during the year 1913. One can only estimate the approximation of the losses incurred during the year and of the losses outstanding at the end of the year, and taking these in comparison with the amount of premiums which have been received, we doubt but that the ratio of loss to premiums received would exceed that of 1912, which was 51.12.

While the year 1913 has been a most disappointing one from a financial point of view, there is no doubt but what fire insurance companies, along with all other financial institutions, have felt the effect of this, and while in writing this class of business the moral hazard must be taken into consideration, we believe that in Canada we were particularly free from this risk, but even so, if we are to judge by the experience of other countries, and lately we have had some data placed before us by Mr. Frank Locke, in an address given before the International

PRESIDENT WILSON AND H. C. L.



The Coon that Won't Come Down.  
—New York Evening Sun.

Association of Fire Engineers, on September 2nd, in which he deals with this subject, more particularly as related to the city of New York, and taking up the question of incendiarism in a most conclusive and convincing manner.

It has been generally believed that in times of financial stringency people are more prone to incendiarism than otherwise, but if we are to take the figures which are placed before us and even apply them to Canada, we will see how far short they are, as compared with what is the general belief.

Dealing with this question in greater New York, Mr. Locke gives the figures for the last three years, pointing out there were 43,906 fires, of which 1,946 were suspicious or incendiary, making the ratio to the total, 14.42 per cent. For the sake of argument, Mr. Locke says "that one-half of the 'cause unknown' fires are incendiary and should be reported as such. Combining the figures of several states with those of greater New York we have the following interesting exhibit: Total fires, 120,903. Suspicious or incendiary, 4,229. Ratio, 3.49. Taking the 'cause unknown' fires, which amounted to 22,487, the ratio of the whole is 18.59. From the foregoing figures we are justified in assuming as a fair estimate based upon all available data, that the number of suspicious or known incendiary fires of all kinds does not exceed a percentage of 3.50 of the total number of fires."

As we have stated before, from the number of cases which come before our courts, Canada is particularly free in this respect, and we may take it that if the losses exceed the estimates generally relied upon by fire insurance men in underwriting it will be found that the cause is generally large conflagrations or carelessness and ignorance in underwriting on the part of those in charge.

While there is no doubt that for many years past Canada has had one of the worst experiences of any country in the world with respect to fire loss per capita, much of this is due not only to climatic conditions, but to faulty construction. While we have had a branch of the Fire Protection Association of America in Canada for the past two years, we do not see that this Association has taken any very important steps to promulgate the ideas of this great body among the people of Canada. In the United States, where the question of fire protection was taken up in a scientific manner, the most gratifying result has been obtained, and it does not speak well for us, who are burning not only our buildings, but our forests, in such quantities that more attention has not been paid to this question.

Many new companies have entered the Canadian field during the past year, and in addition to these there were several incorporations at the last session of Parliament. There have also been many companies formed, particularly in the western provinces, for the carrying on of fire insurance, but notwithstanding all the accommodation which the Canadian public has for legitimate fire insurance, we hear on every hand the same old complaint of insurance being given to unlicensed companies. While we cannot altogether blame the insurance departments not only of the Dominion, but of the various provinces, we believe that something can be done to weed out this class of business, which is neither profitable to the various provinces nor to the public at large. We are aware this is a difficult task, but it is one to which more attention should be paid. Licensed companies have not only to pay the fees and taxes demanded of them, and we might mention this is no small sum year by year, but they are handicapped in other respects.

# Some Theories of the High Cost of Living

By W. J. A. DONALD

Lecturer in Political Economy at McMaster University

EVERYONE is interested in the high and rising cost of living. The poor are feeling the pinch of high prices probably more than any other group. This is an era of industrial unrest. Strikes of a most serious character in England and on the continent, the rise of Industrial Workers of the World in America, and Jim Larkin's activities in Ireland are all evidences of a serious social problem of which one of the most fundamental causes is the high cost of living. It is a well known fact that wages fluctuate less rapidly than prices; hence, the rise of the price level has not been attended by an advance in the wage level sufficient to compensate. The Socialists and trade unionists may or may not be following after false gods, may use undesirable methods, or may have unattainable ends; but, to say the least, their criticism of the situation challenges attention.

The salaried man is in an extraordinary position. His income is more stationary, more customary, than any other. It is little consolation to him to learn that others are absolutely poorer; he has his standard of living to maintain. An industrial depression, which is supposed to lower the cost of living, may reduce prices in the field of consumption into which he may never enter, while it may delay an increase of salary. The dim possibility that he will be the silent gainer in a future of general falling price level yields no immediate satisfaction. He is supposed to laugh while the price level falls, but the laugh seems as yet a long way up the sleeve.

The capitalist in turn looks on with mingled interests. A period of high and rising prices is (for him) a period of prosperity. This last decade had been a golden age. Every manufacturer has had the gift of Midas. But frequently he, too, is confronted with higher prices, especially for raw materials for his business. This feature has been so important in the United States that the American Manufacturers' Association has declared itself in favour of freer trade, an entirely new and rather startling movement in American history. This is, of course, simply a repetition of the British Free Trade movement of the early nineteenth century.

NEARLY everyone takes a hand in discussing this important economic and social phenomenon. Many have self-satisfying explanations and theories. Most of them reflect special interests or particular points of contact with the problem; and, as a result, most theories are partial, biased, and often unfair. The free trade, and traditionally Liberal, farmer points to the tariff as the enemy of all public welfare. He is sure that the manufacturers, in fact all city folk, are in league against the country people on the farm—calls attention to the fact that the price of agricultural produce is going up faster than the price of any other group. Is it not the price of eggs that has precipitated the recent outbreak of discussion? City people are sure that times are not as they were. Really I'm sure that fewer farmers rise at 5 a.m. and work their twelve to thirteen hours—don't you know! We city people are suffering from this decline in rural industry through the appearance of something approximating a normal working day.

Meanwhile the consumer blames the middleman; the cold storage people, who have no friends—except Mr. Ruddick—are supposed to play the role of Satan in this field of evil. It is the cold storage man who sits on the nether throne and assigns his subjects to the various provinces—new laid eggs—strictly fresh eggs—fresh eggs—and eggs, whilst maybe the better class escape him, being exported to a fairer kingdom—the British Isles, or the United States. Other middlemen are criticized in like fashion. In return they declare that they are between the upper and nether millstones. The consumer refuses to pay the price, while the trusts are marketing over the head of the middleman. At the same time the railways charge extortionate rates, and the express companies are positively ravenous. Certainly the middleman is as blameless as the newborn; his sole interest is the welfare of the consumer. A little book before me on "The High Cost of Living and its Remedy," by a Toronto salesman, actually claims that the tendency has always been for the middleman to lower the cost of living.

So we have found no final solution as yet. Let's have, then, the opinion of the trust promoter and manager. They do defend themselves on occasion, so, presumably, they exist even in Canada. The

argument runs something like this. Canada (or America) is God's country; the trust has grown up in Canada; therefore the trust form of organization (and all that it involves presumably) is inevitable; ordained by God. Could anything be more scholastic, or academic, if you like! Likewise trade unionism has raised wages and prices have been raised to compensate. Land speculation has rapidly raised the price and rents of land and prices must be correspondingly high. This last is a good, safe blow. It may or may not be the chief cause, but most people find room for this in their explanation. Large rentals paid monthly in lump sums are painfully obvious.

There are a few other miscellaneous theories. The International Peace enthusiast puts it all down to wasteful expenditure in armaments. The Socialist blames the idle rich; and the cynic decries our wasteful consumption, especially that of the modern woman. The financial muck-raker credits everything to the account of stock watering and speculation. A municipal politician condemns the lack of municipal markets or of an adequate city and radial transportation system. Finally, we are landed in the melting pot again by the sociologist, who tells us that the urban movement is the sole or chief cause.

THERE are two theories as to the root of all evil; some say women, others money. Mrs. Pankhurst and her kind have forbidden us to use the

## H. C. L. IN SCOTLAND.



A London paper suggests that in the northern parts of Britain, the increased price of spirits has driven certain nationalities to enjoy their whiskey by sense of smell only. They are here gathered to the leeward side of a whiskey still.

first; so to avoid trouble let's pass it over and discuss the money question.

In this we are in line with modern economic theory. I suppose the best known and most accepted theory is the quantity theory of prices as restated by Professor Irving Fisher, of Yale University, in his book, "The Purchasing Power of Money." Herein he sets forth the principle that the general price level can rise or fall, other things being equal, only when the quantity of money in circulation increases or decreases. Of course if the rapidity of circulation of money increases, the price level will increase just as if the quantity of money had increased. In the same way, if the volume of goods to be exchanged for money decreases, the price level will rise. Thus the recent increased production of gold is the source of all difficulty. We have too much gold.

Thus far we have stated Fisher's theory as the theory was presented by the English economists, especially John Stuart Mill. But with the growth of deposit banking and the growing use of checks in business, the theory was apparently inadequate. Nine-tenths of our exchanges in Canada and the United States are carried on by means of checks. Yet the quantity theory of prices was not destroyed. Fisher maintains that the volume of deposit currency, *i.e.*, checks and bank notes, has a definite relation to the volume of gold, and that therefore the use of checks does not violate the quantity of money principle. In short, the quantity of money multiplied by the rapidity of circulation plus the volume of deposit currency multiplied by its rapidity of circulation must be equal to and deter-

mine the volume of trade multiplied by the general price level. Algebraically, this theory is expressed in the formula  $mv + m'v' = Pt$  ( $P$  is the price level).

If this is true, how is it, then, that some prices rise and some fall? This is a simple matter. If the prices of specific goods rise more than the general price level others must fall to compensate. If some fall or rise less rapidly than the general price level, others must rise faster than the general price level.

Some natural conclusions follow. Monopoly cannot raise the general level of prices; it may raise the price of one commodity, but the price of some other must fall to compensate. The tariff can raise prices only by affecting the balance of trade and encouraging the inflow of money. Increased productivity of goods reduces prices since the quantity of goods to be exchanged is greater, while the quantity of money remains the same. What could be simpler? In fact it looks too simple for a world of complex causation.

But Fisher has a solution. In a number of articles in the *American Economic Review* and other journals he prophesies an increase in prices for the next thirty to fifty years. That's a cheerful outlook, is it not? But as we would have industrial revolution before the end of the period something must be done. In a paper read before the American Economic Association, in December, 1912, Professor Fisher advocated "The Compensated Dollar," *i.e.*, a dollar with constant purchasing power, a dollar that will buy as much in 1930 as in 1913. This is to be organized on an international scale by means of varying the amount of gold in the unit of price measurement, *i.e.*, the dollar. Professor Sprague, of Harvard University, suggests an interesting scheme by which the governments should restrict the output of gold and thereby control the price level.

ONE of the best discussions of the problem is that by the Socialist Economist, Karl Kantsky, in a little book just published, "The High Cost of Living." Adopting the quantity theory, Kantsky believes that credit is based on gold. However, he believes that a time of stress is at hand. The quantity of gold will not be adequate for the recent expansion of credit and the capitalistic system must fall a victim to the Socialistic regime. In short, the credit system will fall around the ears of the capitalist and the whole industrial system will be reorganized on a Socialistic basis.

This quantity theory has been vigorously attacked by a number of economists. German economists in general have been critical, while in America Professor Laughlin, of the University of Chicago, has been the leader of revolt. Professor Laughlin points out that gold is durable and that in time a very large accumulation has been made, so large, indeed, that the annual production of gold can have only a negligible effect on the price level. Hence the change in prices can come from the goods side of the price ratio alone. In the increased cost of production of commodities, for whatever reason, is to be found the explanation of the high cost of living. As this will vary for individual classes of goods, there is no room for state interference with so intricate a problem. The reduction of the cost of living must be solved by the reduction of the cost of production of commodities, the increase of productive efficiency, the reduction of the tariff, and the prohibition of monopoly.

This is a time of public stress. The public is interested and is ready to be informed. It is a time to get to the root of the matter. Are these theories true? Are they partial explanations? Do they suggest solutions to the problem, and are the solutions practicable? If the trusts are at fault let's either "bust the trusts" or control the prices of their products. If the tariff is the criminal, then we must solicit the assistance of the Minister of Finance. If gold production is the cause, let us join with Professor Fisher in advocating the compensated dollar or any feasible scheme that may present itself. If the farmers are at fault—well, let's go back to the farm for the good of humanity. But first let's find the causes; the solution will be found not far away. By all means let us study the problem and find a solution; else—well, if the signs of unrest are any indication, the judgment day may come rather sooner than we had expected.

## Loan Corporations

THE loan corporations of Canada, during the past year, have been in the happy, or possibly we should say the unhappy, position of not knowing where to get money to lend on the excellent securities which have been offered. In a money market such as there has been during the past twelve months, the public has been looking

for cheap money. The banks which a year ago gave warning to the public with respect to speculation in real estate, curtailed the credit of all their customers who were dealing in what was termed for the past two years, the real estate boom.

Such being the condition the public naturally turned to what has always been looked upon as the premier security throughout the world, real estate, and endeavoured to obtain advances thereon. The result was, as might have been anticipated, all the ready money of the loan companies was quickly exhausted, or such as they cared to lend. There were other fields of profit open to the larger loan companies and that was by lending money on call loans, and the rates for this were as great, if not greater, than the security of real estate, besides their being able to realize on it at a moment's notice.

As a result of the conditions described the rates of interest, even on first-class mortgages, even in the eastern provinces, were advanced from 5-1-2 to 7 per cent., and in the west, where conditions were even worse than in Ontario, almost any rate which they might ask for could be obtained. As a result of these conditions, the financial statements of the various loan companies, which have come to hand,

show much higher earnings, for the past year, than they did a year ago.

Hard times has been heard on all sides, but we would ask whether these hard times were not brought about, to a large extent, by the financial institutions of Canada themselves. High rates of interest are bound to bring about a depression in themselves, if they continue for any length of time. Mortgages falling due could only be renewed under such conditions at a greater increased cost, and we doubt whether it is a wise policy on the part of the loan corporations to take advantage of a situation to the extent which they have done in Canada during the past year. It may be what is called "good business," but for our own part we believe it is bad policy. The clientele of a loan corporation is as valuable to it as it would be to a lawyer or any other professional man. If they should be treated with what they consider an unfairness, it may at some time in the future prove a boomerang.

Some years ago the loan corporations in Canada went through trying conditions, and it might be well for them to take warning that they do not again help to bring about another such condition of affairs.

## Popular Life Insurance Fallacies

By B. W. N. GRIGG

**M**ANY insurants labour under the impression that premiums remitted to the insurance company are the same in principle as deposits made in savings banks. This misapprehension comes to light frequently only after a number of premiums have been paid and the assured wish to surrender their policies or to borrow upon their security.

They then express surprise that they cannot withdraw their premiums, some say with, some without interest, believing that such an amount ought to constitute the surrender value of the contract. It would be unsafe to blame the agents for giving the policyholders a wrong impression of the terms of the policy, but strange as it may seem to the initiated, certain it is that a large number of policyholders believe that they can at pleasure withdraw their premiums with or without interest. This erroneous idea arises from lack of knowledge of the nature of the funds held by the company to guarantee the claims. This fund consists of the premiums accumulated at compound interest less a proper proportion of the same, which has been paid out for death claims. The difference between these constitutes the reserve, and the surrender value is an arbitrary percentage of that reserve or else the whole of it. One would suppose that this would be appreciated by anyone and everyone who is taking out an insurance policy, but such is not the case. Many intelligent correspondents have not given this particular subject sufficient consideration to prevent them from making objections to the amount of the surrender value or loan, based upon the misapprehension referred to.

### The Control of the Policy

Another cause of endless controversial correspondence is an error still more widespread: that the man who takes out the policy and pays the premiums is entitled to control it no matter who is named as the beneficiary. An applicant is casually asked by the agent to whom he wishes the insurance paid in the event of his death. The applicant will reply, his wife, his mother, his sister, or, perhaps, "someone else's sister." The last named is by no means an infrequent beneficiary. I remember having an amusing correspondence with a policyholder who wished to surrender his contract which had been made payable to his "intended wife." Afterwards the engagement was broken off, and wishing to surrender his policy, he was told that he must forsooth secure the consent of the girl whom he had sworn never to communicate with again. But worse remained behind: the check which paid the surrender value on completion of the voucher had to be endorsed by the quondam inamorata.

Many protests, similar to those extorted from this assured, have been received, when the policyholder has been required to furnish the signature of the beneficiary whom he had named and yet perhaps whom he had not advised of the nomination.

At first sight it does seem somewhat unfair to the policyholder who has voluntarily borne the expense of keeping the contract in force that he should not be able to control the proceeds of his savings; rather he finds that they are controlled or partly controlled by another.

In yielding to this feeling of annoyance the

assured overlooks the fact that when the contract of insurance is issued, a relationship is set up *between the company and the beneficiary*. It is the beneficiary who is to be indemnified in the event of the assured's death, and, therefore, the contract binds the company to the beneficiary as well as to the policyholder, and the papers completed in the event of a loan, or surrender, or a death claim, must clearly release the company, and to accomplish this in most cases the beneficiary must "sign off."

Therefore, an applicant for insurance should consider most carefully before he names the beneficiary. On no account should he name a minor, as this insures a world of annoyance. In the event of having named a minor, if he requires to borrow on his policy he finds that he cannot do so without papers of guardianship being executed. Then the assured and the guardian together negotiate the loan or surrender the policy. *To avoid any of these annoyances make the policy payable to your estate and dispose of the proceeds by will.*

### Dying to Win

A third fallacy which is very prevalent is the impression that in order to get even with an insurance company the policyholder must die prematurely—"he must die to win." This misapprehension is based upon an idea that was once more widespread than it is now, namely, that life insurance is essentially gambling. The company and the policyholder put up the stakes, it is said, and if the policyholder dies before the premiums and interest equal the amount of the policy he is to be considered the winner. If, on the other hand, the premiums with interest paid by him should exceed the amount of the policy the insurance company would come out the winner. Nothing could be more incorrect than this point of view. Instead of gambling, *the policyholder ceases to gamble when he takes out his policy*. Up to that time he has been "taking a chance" of dying, leaving his family and estate without protection. When he takes his policy of insurance he escapes this chance and so ceases to be a gambler. The amount of the premium is calculated on the understanding, not that the assured *may* die, but that he *must* die, and the probability grows greater as his age becomes more advanced, until at last, according to the table, his chance of life is zero. Unlike fire, marine and casualty companies, the life insurance company deals with certainties and the value of the goods they sell is definitely known. In other words, while fire, marine and other forms of insurance may never involve claims, each life insurance policy, if continued in force, is certain to become a claim, and the premiums are calculated on that basis. Thus life insurance is definitely differentiated from all other forms of underwriting. To sum it all up in a sentence, life insurance is based on the doctrine of probabilities, which has become an exact science, while other forms of insurance are based upon possibilities, which may never "eventuate." What the assured then buys is the consciousness that if his death should occur either in the near or remote future his estate and his family would not suffer a monetary loss. On the other hand, if he dies in the very near future the company does not lose. If he dies in the very remote future the company does not gain, for whether his premiums are many or

few they will be compensated for by other members of the group whose premiums will be few or many, so that, taking all the entrants of his class the company does not experience any shock if a death occurs after the payment of only one premium, being fully conscious that some other assured will live to pay as many premiums in excess as this one paid in defect. Thus the widespread fallacy that life insurance is of the nature of gambling, in other words that the assured "must die to win," is absolutely without foundation in fact.

### The Terms of the Contract

There are many other fallacies under which policyholders labour which are due mainly to a misunderstanding of the terms of the contract, and a world of painful correspondence would be saved the head offices of our companies and the assured if the agent were careful to interpret clearly the terms of the policy, and if the policyholder were correspondingly careful to master their full significance. It is quite a common thing, for instance, for the holder of a 20 Payment Life policy to expect, at the end of the twentieth year, the payment of the face value of the policy and profits; in other words, he thinks that he has been paying for a 20-year Endowment, and it is a very disagreeable thing for all parties concerned when his eyes are opened. It is true that he has not been paying for anything more than he is actually to receive, but the fact remains that he has been expecting to receive a great deal more than will materialize. No actual injustice has been done to the policyholder only that he suffers a sore disappointment. This is only one case in which policyholders entertain fallacious ideas as to the terms of their contracts, and it is worth repeating that one should know to a syllable the meaning of his policy just as he would know the exact value of any other commodity that he is buying.

### Small Bonds

**S**MALL investors should not overlook the exceptional opportunities to buy \$100 bonds. The following \$100 bonds are listed on the Montreal Stock Exchange:

	1913.	
	High.	Low. Rate.
Canada Cement Co. ....	102	95 6
Can. Car Foundry .....	106	100 6
Dominion Textile, Series A.....	100½	98½ 6
Dominion Textile, Series B. ....	102	98¾ 6
Dominion Textile, Series C. ....	100	98 6
Dominion Textile, Series D. ....	100	98½ 6
Mexican Electric Light .....	79¾	79 5
Montreal Street Railway .....	100¼	100 4½
Penmans, Limited .....	90½	85 5
Porto Rico .....	93½	79¼ 5
Quebec Ry., L. & P. Co. ....	60	41 5
Rio de Janeiro Tram. ....	97	96 5
Sherwin Williams .....	100½	96 6
Steel Co. of Canada .....	99½	93¼ 6
Toronto & York Radial .....	.....	5
Windsor Hotel .....	.....	4½

Those listed on the Toronto Exchange include Mexican Electric Light and Porto Rico Railway. Unlisted \$100 bonds include Belding-Paul, 5; Can. Light and Power, 5; Canada Coal and Coke; Mexican Mahogany, 6; National Brick, 6; Peter Lyall, 6; Wayagamack Pulp, 6; American Salesbook Company, Dunlop Tire Company, Harris Abattoir Company, and Nova Scotia Steel Company. All such purchases should be made through reputable bond houses who are always glad to send information to enquiring purchasers.

### Sun Life

**T**HE Sun Life Assurance Co. for 1913 shows an increase in business of \$4,245,965 over 1912. Total business for the year aggregated \$42,220,722.79. The amount received in annuities was \$2,509,825.70, an increase over 1912 of \$519,731.35. New business written at the Montreal city agency aggregated \$3,566,561.15.

### Mr. Hosmer on 1914

**"N**INETEEN-FOURTEEN looks bright," said Mr. C. R. Hosmer. "We have passed through a trying year, but we have come through remarkably well. I am an optimist and, while I appreciate the fact that we are face to face with something like depression in the business world, I am confident that a little patience and the exercise of ordinary prudence is all we require to carry us through what remains of the crisis through which we are passing. Canada is a great country, and there can be no drawn-out period of stagnation. We simply must go forward, but it behooves us to build on a firm foundation, and times like the present give us a chance to see how surely our superstructure is laid."



## Financial Notes

### BANK CLEARINGS.

**B**ANK clearings increased a little in 1913, as compared with 1912, thus showing that the bankers held their own in volume of business even if the merchants did not. The total in 1913 was \$9,262,000,000, as against \$9,146,000,000. Montreal, Toronto, Winnipeg, Vancouver, Calgary, Edmonton and Ottawa, all showed slight increases, and ranked in the order named. New Westminster and Medicine Hat were the two cities to add clearing houses during the year.

### WHAT WE BORROWED.

**C**ANADA paid more for the money it borrowed in 1913 than in previous years, but that did not stop the borrowing. The summary for the two years shows an increase over 1912:

Issue.	1913.	1912.
Government .....	\$ 53,500,000	\$ 35,639,700
Municipal (11 mos.) .....	105,800,000	48,414,962
Railway .....	73,550,000	69,972,320
Public Utilities .....	7,650,660	21,565,000
Industrial and land corporations .....	40,411,600	55,191,000
Totals .....	\$280,912,260	\$230,782,982

It will be seen that the increase is confined to the Governments and the municipalities.

### MINING STOCKS.

**M**INING stocks have had the same vicissitudes during the year as other stocks. The general tendency has been downward. What most people forget is that a mining stock dividend should be large enough to wipe out a percentage of the capital as well as pay dividends. A stock which cost \$100 should pay 20 per cent. dividend, \$10 for the dividend proper and \$10 for depreciation. This is where there is a big difference between mining and industrial stocks. A mine grows poorer as an asset; while an industry should grow richer as an asset.

Beaver was as high as 45, fell to 26, and closed at 31; Cobalt Lake rose to 71 and closed at 50; Coniagas' high was \$9.55 (\$5 share), fell to \$6.45 and closed at \$7.00; Crown Reserve touched \$4.15 (\$1 share), but closed at \$1.69; La Rose varied from \$3.20 (\$5 share) to \$1.79, its closing price; Nipissing's high was \$9.60 (\$5 share) and its closing price \$7.65. These ranges are indicative of the course of all the Cobalts and Porcupines. Hollinger and Eldorado were almost the only ones to show an increase in price during the year. Some good dividends were paid however—Temiskaming and Hudson Bay 2100, Buffalo 89, Seneca Superior 65, Con. M. & S. 48, Nipissing 46, Coniagas 41, Hollinger 39, Nipissing 30, Kerr Lake 20, and several 10 to 15.

The Canadians who have been lucky in Cobalts and Porcupines are not numerous, but a few have done extremely well. The outside investor has lost, and lost heavily, notwithstanding the undoubted richness of a few of the real mines. There is so much chaff among the wheat that the small investor has little chance of success.

### BUILDING PERMITS.

**L**ESS talk of building permits has been one feature of 1913. The West has not had so much to say about this feature. For example, in November every city and town in British Columbia showed a decline, only excepting Nelson; in Saskatchewan, with the exception of Regina; there were declines in Calgary and Red Deer; in Winnipeg; and in Port Arthur and Fort William. In the East there are also numerous decreases, but there were increases in Montreal, Maisonneuve and Westmount, in Sydney, Halifax and St. John, and in Kingston, Peterboro, St. Catharines, Berlin, Stratford, London, St. Thomas, Chatham and Windsor. Toronto and Ottawa showed small decreases.

On the whole, the outlook for building in 1914 is satisfactory.

## CANADIAN GOVERNMENT MUNICIPAL AND CORPORATION BONDS

### Investing your Business Surplus

☐ To put to profitable use all the funds of a business enterprise is a fundamental principle of commercial success—as important as curtailment in operating expenses.

☐ From surplus earnings many of the important commercial concerns of Canada have created "Reserve Funds."

☐ It is significant of their foresight, judgment and strength that many such firms have invested these "Reserves" in Standard Canadian Bonds.

☐ The bonds recommended for this purpose can be readily converted into cash—are considered superior collateral for loans—earn a satisfactory rate of interest—are of undoubted security.

☐ Suitable Bonds may now be purchased yielding 5% to 6%.

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## THE HARTFORD FIRE INSURANCE COMPANY

With the coming of 1914 The Hartford Fire Insurance Company begins the 104th year of its existence. During all these years it has not only promptly paid every individual loss, but has given safety and satisfaction to its policy holders in all the conflagrations of American history.

The Hartford stands today with large assets and ample financial resources, the leader among fire insurance companies. But its proudest asset is its reputation for commercial honor and good faith. It will sell you honest and safe insurance. Is not this the Company you want?

**INSIST ON THE HARTFORD AGENTS EVERYWHERE**

IN ANSWERING ADVERTISEMENTS MENTION "THE CANADIAN COURIER."

## THE HOME BANK OF CANADA

ORIGINAL CHARTER 1854

This institution was originally established as a savings bank to afford a safe repository for the savings of wage earners. In the past sixty years it has carried an increasing volume of this class of business. Full compound interest paid on savings accounts of one dollar and upwards.

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BONDS AND STOCKS  
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BOUGHT AND SOLD  
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Private wire connections with W. H. GOADBY & CO., Members New York Stock Exchange.

# You Have Another Chance to Make Good

Young man, look on the past year of 1913 and answer a few questions. Put the figures down on paper:

- (1) How much did you earn?
- (2) How much did you spend for necessities?
- (3) How much did you spend that you can't make a show for?
- (4) How much did you save?
- (5) Are you worth any more in actual SAVINGS than you were the year before?

Figure this out and think about it. We offer thrifty young men or young women a chance to put every dollar they can spare into permanent, profitable investment, which, if they keep up, will provide a steady income for the years of the future. We pay interest on deposits of \$1 or more which you can send us by P. O. or Express Order, and when you have \$100 we will issue you a Debenture drawing 5 per cent. a year interest, payable every six months. We want you to write us, so we can tell you all about this splendid plan for saving money and making it pay you a profit.

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*Present prices give prospective purchasers of Bonds the most attractive opportunities which have been available for many years.*

*The undernoted representative Securities have been selected from our holdings as combining all the safeguards which experience and conservation suggest, and as affording in addition investments with good incomes.*

Security.	Due.	Rate to Yield.
Province of Ontario, 4%	1941	4.30%
City of Toronto, Ont., 4½%	1953	4.90%
City of Victoria, B. C., 4%	1923	5.12%
Township of Barton, Ont., 5%	1934	5.25%
Town of Barrie, Ont., 5%	1914-1926	5.38%
Town of Collingwood, Ont., 5%	1924-1931	5.38%
Town of Welland, Ont., 5%	1933	5.38%
Moose Jaw School District, 5%	1914-1943	5.50%
Town of Cornwall, Ont., 6%	1914-1943	5.63%
Town of Preston, Ont., 6%	1915-1934	5.63%
City of Niagara Falls, Ont., 5%	1914-1953	5.75%
Town of Aurora, Ont., 5½%	1914-1918	5.75%
Town of Sudbury, Ont., 5%	1914-1933	6.00%
Town of Minnedosa, Man., 5%	1941	6.25%
Town of Humboldt, Sask., 6%	1934-1943	6.50%
Town of Estevan, Sask., 5%	1924-1931	6.63%

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## Railway Rates and General Business

By ROBERT MEGAN

THE year closed with the question of freight rates very much to the front, both in Canada and the United States. In this country the subject became of acute interest in the late fall when the trouble regarding Western freight rates which had been gathering head for years was aired before the Railway Commission at Ottawa. Across the line it took the form of an agitation for higher freight rates on the part of the Eastern railroads. The question is one that has a profound bearing on general business and direct application to the earning powers of our transportation systems. It is a subject that can never be settled finally, and during 1914 is bound to come in for a considerable amount of public attention.

In the United States the demand of some of the Eastern railroads that they be allowed to charge shippers higher rates for the carriage of freight is being discussed in connection with the falling off of general business. All America desires a business revival. It knows that nothing can do more to bring that about than a buying movement by the railroads. The railroads contend that such a movement will not materialize until they are allowed to increase the price of transportation. Just what force there is in this contention it is difficult to say, and President Wilson is much too cautious an administrator to arrive in haste at a decision which would undoubtedly be of far-reaching importance. There have of late, however, been persistent rumours from Washington that the head of the Government favours more liberal treatment of the railroads.

Canadian railroads are apparently satisfied with the schedule of rates which they are at present authorized to follow by the Board of Railway Commissioners. At any rate, there is no loud talk about freight rate advances. They are concerned mainly with maintaining the prices which have been in force for some time for the transportation of freight from the manufacturing centres of the East to Western Canada. The railways, on the one hand, are fighting reduction on the grounds that it would make serious inroads into their receipts from west-bound traffic, and on this account make the securities of Canadian railroads less desirable to foreign investors. They claim that the lowering of freight rates would inevitably check the flow of capital from Europe to Canada. Advocates of reduction, on the other hand, point to the splendid earnings of the Canadian Pacific Railway, and say that these would not have been possible had it not been for the bounties and land grants made to the road in its early days. The contention is that Government subsidies were granted not merely for the sake of facilitating the construction of the road, but more particularly for the purpose of reducing the cost of construction, and to that extent benefiting both shippers and consumers. The Railway Commission has, however, a hard nut to crack, as not all the Canadian railroads are in the fortunate position of the C. P. R., nor could they easily suffer the loss in revenue which would be sustained by a lowering of freight carriage charges.

Water transportation will also come in for discussion during 1914. During the summer and early fall the subject was kept alive by the complaints of Canadian millers that they were being discriminated against by the ocean steamship companies, and were compelled to pay a relatively much higher rate than grain shippers. The whole subject was investigated by Chairman H. L. Drayton of the Board of Railway Commissioners, who made a trip to England for the purpose, but the question of ocean freight rates was found to be one in which Government interference would not be justified. The Commissioners have since, however, not abated their efforts to

secure more favourable terms, and in the early fall sent a strong delegation to Ottawa to interview the Minister of Trade and Commerce in the hopes that some indirect pressure might be brought to bear on the Canadian shipping companies. A matter of this kind, however, may require months to negotiate, and at the opening of the new year the situation is unchanged. The ocean transportation companies contend that they charge more for carrying flour than grain because it is not so easily handled.

With the question of water freight rates is involved the question of marine insurance. The ocean steamship companies justify their rates on the grounds that they are compelled by the marine underwriters to pay exorbitant insurance rates. The Montreal Harbour Commissioners have made repeated representations to Lloyds, and pressure has been brought from every side to obtain more favourable terms for Canadian shippers. In one or two rates slight concessions were made, but the net improvement has been infinitesimal. There is a strong desire on the part of some of the shipping companies that the Federal Government should either organize or subsidize a marine insurance company for the protection of Canadian vessels and the terrible disaster on the Great Lakes last fall occasioned renewed demands. It is not likely however, that such a proposition will be seriously entertained by the Government at Ottawa for some years. An insurance company of the kind proposed is not at all practicable, as the loss of a single ocean liner on the St. Lawrence route would impose a burden of loss upon the Canadian insurance company too great for it to withstand.

There can be no reasonable doubt that the attitude of the general public towards the great railway corporations is undergoing a change on this continent. The attitude of hostility which was too prevalent in certain quarters in the years gone by is giving away to a feeling that the interests of the railways are interlocked with those of the country generally. Retrenchments on the part of the railways affect innumerable industries in Canada. The car companies are compelled to run on short time; the iron and steel companies have either to reduce their working force or accept contracts for steel rails at unreasonably low prices; manufacturers of line equipment generally are obliged to follow the lead of the railroads and retrench. The laying off of railway employees or the reduction of their working hours means the curtailment of their purchasing powers, and the tradesmen, wholesalers and manufacturers are affected. These are matters that must be considered when the question of freight rates is up for discussion.

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Bonds are to be preferred to persons who have \$5,000 or less to invest. Over that amount a man may mix his holdings. To get seven per cent. a man must buy a 5 per cent. bond at 74 or 75; or a 6 per cent. bond at 88. These are not often obtainable and therefore the smaller investor must usually be content with 6 to 6½.

The small investor cannot afford to take chances, therefore he must be sure of his security. Mining and oil wells are flyers for millionaires and fools. The small investor should play safe and be satisfied with less return. First mortgage from 6 to 7 per cent. are good, but beware of seconds.

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# Review of Stock Market

By A FINANCIAL EXPERT

JANUARY is the open season for charts, for curves, for diagrams, for statistics, and for learned observations upon the financial aspect of the general subject, "Whither are we Drifting?" By columns of figures, with indisputable totals, reinforced by many lines extending from one set of numerals to another set, usually much higher up on the other side of the page, it has been demonstrated by the weighty financial reviews that certain economic forces were at work in 1913 and that their result (as might have been foreseen) was exactly that condition which obtained at the end of the year. Now that the conscientious newspaper reader is supposed to have gorged himself upon these stimulating reasons why things happened, it seems almost presumption in one to attempt to get something more from the frame of the turkey. The subject of the stock market of 1913 would seem to have been entirely exhausted, but for one general conclusion, and that one has never before appeared in print. It is just this. People who bought stocks in 1913 lost money.

The public has dissolved partnership with the stock markets, retaining as its share of the proceeds, the experience. All the pages so conscientiously produced by the financial journals will not bring much consolation to the participants in the market flurries of 1913, and if we could see, instead of newspaper reviews of the market, a composite ledger embracing the customers' accounts in all the brokers' offices, we would know that the recent profits in market operations went to the sellers of 1912. We would find in the figures on the credit side representing calls for margins, the explanation of many a Christmas present that was planned and not given, many a day dream of a snug home that never took concrete form, and many a fortune which seemed as good as made, the erstwhile owner of which is now back to wholesome work.

True it is that to a few, trading in the markets of 1913 constituted a series of profitable transactions, but these were not of the people. As early as the spring there was a fair-sized short interest in C. P. R., and even before that the sharpshooters on the short side were picking off Spanish River, Macdonald, Dominion Iron, Toronto Paper, Russell Motor, and some others whose vulnerable aspect invited the attention of the guerillas of market warfare. In retrospect one sees that almost any stock in the list might have been chosen for a short sale, but even to attack the unsound stocks required courage at the time.

Any summing up of the results of trading in the twelve months just closed, however, need take little account of these scalping operations. Happily, short selling is not a habit. It is rather a compliment to human nature to say that it is not, however necessary it may be to speculative markets. The natural tendency of the average man is to be optimistic, and an adverse view of the future is never popular except on rare occasions, when stock values are close to bed-rock, when pessimism is almost universal, and when the astute professional trader is beginning to cover his short sales of a higher level.

The condition at the moment is that the public is taking its revenge on the security markets and is using the one deadly weapon in its possession—indifference. It is because the public are out of pocket and are disgusted with stocks that the volume of trading on not only the Canadian, but the New York boards has become at times almost nominal. Necessary liquidation of securities has encountered no market and the result was that breaks of five points in a day became rather common towards the close of last year.

The situation was but the natural outcome of a market boom. For five years industrial promotions and the manufacture of new securities enlisted thousands of recruits annually for the stock markets in Canada. The public exploitation of business enterprises converted thousands of savers into buyers of script. In many ways the real estate mania was not more universal nor more ill-balanced than the craze for the creation of fictitious values by the issue of securities, but also like real estate, this particular form of speculation had almost spent itself by the beginning of 1913. The year 1912 was one of almost general retreat for the stock markets. Advances were spasmodic and of brief duration, whereas declines were prolonged with severe liquidation, in domestic securities and those representing foreign enterprises in which Canadian capital is interested.

At the price levels which prevailed at the end

of 1913 values with some exceptions appeared to have discounted the full weight of any ordinary adverse influences, which this year may hold in store. There is no question that the most oppressive of the factors operating to produce weakness in security markets is the Mexican situation. A settlement of that trouble would undoubtedly turn the current of a large percentage of unemployed funds into bonds and stocks and produce a real enhancement in values. But the Mexicans refuse to behave, the London and continental bankers are husbanding their resources, and business generally throughout the world gives little promise of providing profits enough to stimulate a demand for its securities.

The public attitude towards the stock market was expressed in the item in the November statement of the Canadian chartered banks, showing interest-bearing deposits. The last document issued by the leading institutions in 1913 showed that the long drain on savings deposits had ended and that the

country was beginning to save again. An increase of almost \$5,000,000 in interest-bearing deposits during a season in which Christmas shopping swells the average expenditure is good evidence that habits of thrift have returned and that those who have been speculating in various markets have become convinced that the high returns held out do not compensate for the risk.

Over eighteen months ago people throughout the country began to draw on their savings accounts to buy stocks like Macdonald, which gave them from six to nine per cent., instead of the modest three per cent. the banks allowed. A large number of these people are now the owners of these stocks, a position in which they never expected to find themselves. The securities were not bought to keep, but to sell again at a profit. Somebody, of course, had the stocks when the banks began to ask for more margins and when the bears started an active campaign against the flimsy bull market. Since that time the depreciation in values has been enormous, but customers of brokers have generally "taken up their stocks" and paid for them outright. To this extent and to the fact that the weak holders of stocks have been eliminated by the refining process of 1913 is the market left in a fairly strong technical position.

## The Bond Market

By A FINANCIAL EXPERT

MOST of the troubles of the bond market are due to the fact that a money stringency exists while there is a great deal of available capital in the country. The stringency results from the refusal of people to let out their capital. Although London provided the borrowing countries of the world with well over a billion dollars' worth of capital in 1913, there is probably more money ready for investment there now than ever. But borrowers will have to pay a rate that a few years ago would have been considered ridiculous before they get accommodation. It is true that capital is on strike for higher pay, and the terms which it asks are as high in Canada as they are in England.

Interest rates have been increased until they begin to have the appearance of usury solely because of the necessities of the borrowers. In the latter part of 1913 some governments and municipalities had no alternative but to go to London and finance upon the best terms they could get. Even now an enormous amount of unfunded Canadian borrowings is afloat in the London market. There are short date notes issued by the governments of the provinces and the temporary expedients of other borrowers must with these be covered in the permanent loans of 1914. Therefore, the discerning investor can afford to pick and choose, and in doing so he is entirely ignoring the stock market, and even sniffing superciliously at bonds that are the slightest degree off colour. While the urgent necessity for further financing on the part of government and some corporation borrowers may render this attitude upon the part of the investor possible throughout a large part of 1914 it may be reasonably expected that the amount of municipal issues will be reduced. In 1913 the Canadian municipalities issued \$105,000,000 of securities and made greater and greater concessions in price as the year progressed.

The volume of municipal offerings was double that of the previous year, and there is no telling what acute situation might have been produced had not the United States stepped in and rendered valuable assistance in the financing of our municipal requirements. In the twelve-month the United States gave us at least \$25,000,000 for municipal issues, which brokerage houses in New York and Boston bought, and this innovation has been possibly the most important development in our aggregate financing. Until a few years ago there was only one centre that the government, municipal, the railroad or the industrial corporation borrower sought for financial accommodation. That was London, and there was a popular idea that London was letting us have the money because we were a part of the Empire and that there was a great deal of sentiment intermingled with the credits allowed us. Of course Britain does not supply anything like the capital she keeps sending us year after year. Included in the annual budget are represented the savings of possibly every country in Europe, but London does collect the surplus earnings of the Dutchman, the Austrian and the Frenchman and turn it over to us. As the Dutchman is not particularly sentimental toward Canada, the interest

rate and the assets behind the security are the prime considerations. These were so good that they attracted the attention of the United States, and the American bond houses about two years ago intimated that if they were allowed as good terms as the London houses had been receiving they would assume part of the burden of financing this young section of the Empire. And as we have said, they did it this year to the extent of \$25,000,000, a proceeding which has taken a little of the edge off the traditional sentiment which has for long permeated our international financial relations.

The total of Canadian borrowings, not including refunding operations, was something in the neighbourhood of \$280,000,000, this being the largest amount of foreign financing in our history. It was not a good sign that Canada should be forced to borrow so much in a year when capital was so high, and we will find, a little later on, that it was a rather expensive proceeding. But the railways and the large corporations have provided for their requirements, and outside of the government issues we should really not require a great deal of new capital in 1914. Certainly economy should be practised by municipalities, and it would be well if their borrowings were lower if anything than in 1912.

The following compilation gives the different classes of our borrowings in 1913 with a comparison for 1912:

### SUMMARY OF BORROWINGS.

Issue.	1913.	1912.
Government .....	\$ 53,500,000	\$ 35,639,700
Municipal (11 months) ..	105,800,000	48,414,962
Railway .....	73,550,000	69,972,320
Public Utilities .....	7,650,660	21,565,000
Industrial and land corp..	40,411,600	55,191,000
Totals .....	\$280,912,260	\$230,782,982

There has been a great deal said since the year closed about our credit abroad. It is held that our enormous financial operations last year have not tarnished our reputation in any way. Glib talk such as this overlooks the very serious complaints which have arisen in London that loans with identically the same security bearing the same rates of interest succeed each other at short intervals at diminishing prices to the detriment of the British investor. Half a dozen municipalities at least issued securities in Throgmorton Street. These were accepted by English investors at a certain price. A little later in the year the borrowers issued another set of securities exactly the same and sold them at a lower price. Naturally values of the initial issue were contracted, to the loss of the original investor. The excuse has been made that the borrowers did not know when the first loan was made that the second would be necessary, but the confession of such a lack of foresight has not much preference over the other conclusion which the London investor reaches.

The one radiant aspect of the situation is that despite the commercial reaction, the assets behind our securities of every kind are ample and there is no danger of any failure to meet our obligations.

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| St. James St.    | Berlin     | Kingston       | Thamesville    | Delourne       | Stettler          | Victoria                              | North End    | Czar, Alta.         |
| East End         | Bothwell   | Lancaster      | Tilbury        | Donalda        | Strome            | North End                             | Nova Scotia. | Frankville, Ont.    |
| West End         | Brampton   | Lansdowne      | Toronto        | Edgerton       | Tofield           | Halifax                               | New Glasgow  | Griswold, Man.      |
| St. Denis St.    | Bramford   | Leamington     | Parkdale       | Edmonton       | Trochu            | New Glasgow                           | St. John     | Irma, Alta.         |
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| Centre St.       | Chatham    | London         | Parliament St. | Alberta Ave.   | Viking            | New Brunswick.                        | St. John     | Lauder, Man.        |
| Laurier Ave.     | Chesley    | Lucan          | Warkerton      | Athabasca Ave. | Gainsborough      | New Brunswick.                        | St. John     | London, South, Ont. |
| Maisonneuve      | Creemore   | Markdale       | Walkerville    | West Edmonton  | Gull Lake         | NEW BRUNSWICK.                        | St. John     | Lyndhurst, Ont.     |
| Beauharnois      | Delta      | Meaford        | Wallaceburg    | Edson          | Kisbey            | SUB AGENCIES.                         | St. John     | Muirkirk, Ont.      |
| Guyon            | Eganville  | Mildmay        | Watford        | Hanna          | Limerick          | Addison, Ont.                         | St. John     | Napierville, Que.   |
| Huntington       | Elgin      | Mitchell       | West Lorne     | Hughenden      | Maple Creek       | Austin, Man.                          | St. John     | Newington, Ont.     |
| Lachine          | Elora      | Napanee        | Westport       | Islay          | Melville          | Botha, Alta.                          | St. John     | Oakville, Man.      |
| Ormsdown         | Finch      | Newbury        | Wheatley       | Killam         | Moose Jaw         | Bury (Robinson                        | St. John     | Pelee Island, Ont.  |
| Quebec           | Orillia    | Oakville       | Williamston    | Lacombe        | Oxbow             | P.O.) Que.                            | St. John     | Rumsey, Alta.       |
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**New Bond Issue**

LAST month the Empire Cotton Company, with works at Welland, Ont., sold out to the Smart-Woods Company of Montreal. The terms of exchange were an even transfer of preferred and two shares of Smart-Woods common for five of Empire common. The Smart-Woods Company will issue 6 per cent. bonds to the extent of \$1,500,000 for working capital for the amalgamated companies, and to cover a new factory at Winnipeg, recently finished, and an addition to the bag factory in Montreal. This company is now one of Canada's big industries.

**Morgan's New Policy**

J. P. MORGAN & CO. of New York, or members of the firm, have been acting on many directorates. They say public sentiment is against the practice, and they have decided to discontinue it. This is a pointer for some of the leading Canadian underwriters.

The companies to which Mr. Morgan referred, from whose board members of the first have already submitted their resignations as directors are:

J. P. Morgan: New York Central and Hudson River Railroad Company, West Shore Railway Company, Lake Shore and Michigan Southern Railway, Michigan Central Railroad Company, New York, Chicago and St. Louis Railroad, Cleveland, Cincinnati, Chicago and St. Louis Railway, New York, New Haven and Hartford Railroad, Central New England Railway, New York, Westchester and Boston Railway, Harlem River and Port Chester Railroad, Milbrook Company, New Haven Navigation Company, New England Steamship Company, Rhode Island Company, Rutland Railway Company, Hartford and Connecticut Western, New York, Ontario and Western Railroad, Western Union Telegraph Company.

**Bonds or Real Estate Mortgages?**

THE question of the form of investment to be preferred crops up again and again. "The Magazine of Wall Street" compares the bonds and real estate mortgages as investments, and decides in favour of the former. The twelve reasons in support of this contention follow:

(1) The equity above the value of a mortgage is rarely over 100 per cent., and usually not more than 70 per cent. It is easy to select bonds where the margin of safety over the principal of the bonds is 300 per cent. or more.

(2) The net revenue from real estate is possibly three times the amount of the interest on the mortgage. Many bonds are protected by earnings large enough to pay the interest on them six times over.

(3) The expenses attending the foreclosure of a mortgage are large, and the holder is put to a great deal of trouble. If bondholders are compelled to take over the property on which their bonds are based, the expense and trouble to each individual is small, and his interests are well protected.

(4) Good bonds may be instantly converted into cash, with small commission charges. This is far from being true of even the best real estate.

(5) Bonds can be used as collateral for a temporary loan. Mortgages can not be readily used in this way.

(6) The length of term for bonds varies so widely that the investor can adjust his dates of maturity to his own needs, from one year up. It is usually impossible to do this with a real estate mortgage.

(7) Bond values are not usually dependent on local conditions, while real estate values nearly always are.

(8) Bonds can often be bought at prices which show excellent possibilities for the increase of the principal, in addition to regular interest. Mortgages do not possess this advantage.

(9) The permanent investor can buy bonds running fifty years or more, thus avoiding all trouble and expense of transfer. Few mortgages run more than seven years, and many only three.

(10) The bondholder gets his inter-

est when due. The owner of a real estate mortgage must allow thirty days' grace, and in practice often allows much more than that.

(11) The expenses of collection and oversight are, as a rule, much heavier on each one thousand dollars invested in mortgages, than on the same sum put into bonds.

(12) The foreclosure of a mortgage, if it becomes necessary, is a very disagreeable and unpopular duty. This difficulty does not arise with bonds, even though the corporation should default the interest.

**The Double Life**

IN connection with "The Double Life of Mr. Alfred Burton," published in Toronto by McClelland & Goodchild, and recently reviewed in these columns, "The Looker-on" in "London Opinion" has the following to say:

"There seems to have been a narrow escape for Phillips Oppenheim from one of those absurd libel actions over names in novels; for a firm of publishers has just received the following letter from a Mrs. Alfred Burton: 'I would like to know what E. Phillips Oppenheim knows about Alfred Burton; he is my husband, and I did not know he led a double life; am interested; would like to know more.'"

**Whom Would We Govern?**

From "The Toronto Star."

Mr. Borden has delivered an address at Halifax. A large part of the address is devoted to a complaint that the Opposition has been opposing his measures. This is a habit Oppositions have, and we have never heard of a Prime Minister, Conservative or Liberal, who approved of it.

Beyond this party deliverance, which it is quite proper for a party leader to make, for the benefit of his party friends, the most interesting portion of his address was his declaration of faith in Imperial federation:

"A British subject living in this Dominion must ultimately have as potent a voice in the government and guidance of this world-wide Empire as a British subject living in the United Kingdom."

This sounds well, but the practical difficulty has never been solved. In what manner is Canada to help to govern portions of the Empire outside Canada? The United Kingdom governs itself. It is not suggested that we shall help to govern it. Australia, New Zealand, and South Africa have almost complete self-government. It is not suggested that we shall govern them. India, Egypt, and other dependencies are governed by specialists, who are very slightly under the control even of the people of the United Kingdom. The idea of their being controlled by the people of Canada is visionary and fanciful in the extreme.

Europe, India, and Egypt are, of course, highly interesting communities which every man ought to study. We may learn from them. We may help them indirectly by working out our own destiny and solving our own problems. But to talk of our exercising any sort of legislative or administrative control over them is to talk nonsense.

**Another Bouquet**

The Bowmanville Statesman says: "The Canadian Courier—the National Weekly—is the best representative of interesting, instructive, clean, attractive literature for every member of the household known to us. It is published at 12 Wellington St. East, Toronto, and is a weekly magazine splendidly illustrated and ably edited by John A. Cooper, M.A., one of Canada's brainy men. Buy a copy of The Courier at the bookstores or send ten cents for a current copy. Teachers, ministers and professional men will find it a galaxy of Canadian literature. Its Women's Supplement is a treasure trove of good ideas and practical information. We advise all young Canadians to read all the high-class publications of our own country first, for you cannot learn too much about this progressive, expanding, wonderful Dominion of Canada."

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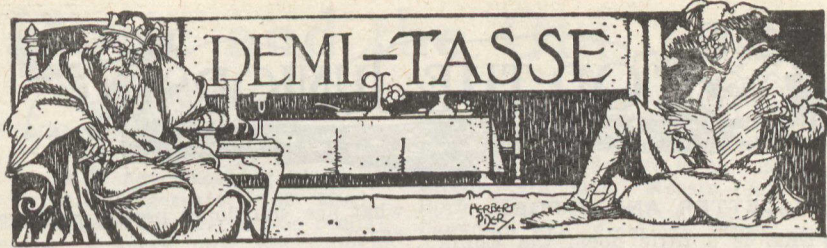
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**Courierettes.**

ONE judge has decided that another judge need not pay income tax. A fellow feeling makes us wondrous kind.

Only by reading aldermanic election cards do you realize how terribly hard some men work in the public interest.

Tripoli cost Italy \$191,400,000. What is gained by war is hardly worth the cost.

Three Indians in the west are charged with making bogus money. It is evident that the red men are now well civilized.

A Toronto controller carried a comedian around to his meetings on his recent campaign. It seemed like overdoing the comedy end of the performance.

Now they have invented airships with sleeping berths for passengers. Nice place to fall—aspeth.

Newmarket, Ont., faces a water problem. What about the famous old canal?

Hon. W. T. White says we should eat less and sleep more. Sleep is cheaper than food. This is one way to reduce the cost of living. Is that what the Finance Minister means?

And while we are on this topic, it might be remarked that those who eat most are apt to find it hardest to sleep.

Scientists inform us that the begbug can live 229 days without food. The trouble is that it is not willing to do so.

The most optimistic man we know is a chap who has faith that his hens will lay eggs every day this winter.

Schumann-Heink will divorce her husband, William Rapp. It is clear that she is not (w) Rapped up in him.

Whatever else a girl may do without at Christmas time, she always wants a bit of mistletoe in the house.

Toronto likes its little joke—but not well enough to elect him as Mayor.

We rather pity President Wilson. He gets into the United States papers every time he clears his throat.

**A Slight Mistake.** — Ticket sellers in theatres have to answer some peculiar queries.

One old couple wandered into the lobby of Shea's theatre, Toronto, on a recent afternoon, looked over the framed pictures of the players appearing there for that week, and then went up to the box office with this query:

"Where is the photographer? We want to get our pictures took."

On another occasion a couple of young country chaps stood around in the lobby watching people buy tickets, and then walked up to the window and said: "Give us two tickets to Hamilton."

**Christmas Aftermath.**  
(The suitor's lament.)

GAVE her a glove—  
Ah, the sweet little kitten—  
A glove with my love,  
And she gave me the mitten!

**Prayers for Mrs. Pankhurst.**—The Bishop of Kensington and his vicar are having a big row in Britain over the propriety of offering prayers for the leader of the militants, Mrs. Pankhurst. We are inclined to agree with

the Bishop who wants to pray for her. She needs the prayers.

**Natural Tendency.**—During the recent water famine in Montreal the consumption of liquor increased largely. Montreal never did wait for much of an excuse.

**Proof Positive.**—If a woman's handkerchief is soaking wet when she returns from the matinee you may know she has enjoyed the play.

**In the Beginning.**

MOTHER EVE, in the Garden of Eden,  
So many years ago,  
She deftly made of twigs and leaves  
A picture hat, I know.  
She trimmed the thing with this and that,  
And then turned to her mate,  
Demanding, "Adam, tell me, dear,  
Is-my-hat-on-straight?"

**A Gift Worth While.**—Is it not odd that nobody thought of doing the thing up right and making us a present of a fresh egg for New Year's Day?

**Taking His Measure.**—A good many years ago in the New Brunswick Legislature the Hon. William Lindsay was twitted with having been a harness-maker before his election to the House of Assembly.

"It is true, Mr. Speaker, that I have been a harness-maker," retorted Lindsay, "and if the honorable jack-ass



MORE PAVING MATERIAL.

who just interrupted me will come forward I will take his measure for a collar right now."

**Isn't It Peculiar?** — Somehow it seems strange to us that some women will declare that all men are alike and forthwith go out and marry three or four of them in succession.

**Carrying a Joke Too Far.**—A Yankee farm expert says that hens need to be amused if they are to be kept laying.

Seems to us that the hens have been

having the laugh on we humans for some time.

**War Note.**—They have a lot of oil in Mexico, but somehow it doesn't seem to have any influence in making things any smoother.

**The Worker and the Candidate.**—(A politician recently declared that even in his sleep he was dreaming of the interests of the workingman.)

Bowed with a weight of awful woe,  
down-trodden and oppressed,  
Behold the weary workingman toil on,  
dismayed, distressed!

Oh, piteous indeed his plight and sad his suffering state—

At least so says the sly and wily, coaxing candidate.

"We feel for you—our zeal for you  
Is really very great—

E'en in our sleep we dream of you,"  
So says the candidate.

The politician is a fat and prosperous-looking man,

His hands are not the hardened kind,  
his cheeks are not turned tan—  
But it really doesn't matter what he is or what he seems

When the fact is that the workingman is always in his dreams.

"We live for you—we strive for you—

We are your advocate;  
And in our sleep we dream of you—"  
The modest candidate.

The politician may be wise, but the workingman's no fool,  
He knows a little thing or two he never learned at school:

He has learned by long experience how a politician schemes,  
And he knows how much he figures in a politician's dreams.

"We fought for you—we wrought for you—

We talked both loud and late—  
And in our sleep we dreamed of you."

So says the candidate.

**Easily Detected.**—Onions, eat onions, and be healthy and wealthy, is the burden of Hetty Green's song. She says onion-eating is the secret of success.

It is quite evident that onion-eating is a secret that cannot be kept.

**Sounds of the Times.**—Hear that succession of crashes and thuds?

What do they mean?  
Just the finish of New Year resolutions.

**Which?**—A New York pastor is introducing dancing in his church parlor.

Is this an attempt to reform modern dancing or a sly effort to get a bit of publicity?

**Just a Reflection.** — As the echoes of "Peace on earth, good will to men" die away we take a glance over the world and see the Mexicans peppering away at each other; Hindus being deported from Canada; other Hindus being beaten into submission or shot in South Africa; revolution cropping out in South America; occasional outbreaks in China, and the big powers of the earth spending more millions on armies, navies, and death-dealing aerial fleets.

Is the old world not a bit of a hypocrite?

**A Strong Contradiction.**—During the recent holiday season America spent \$20,000,000 in toys.

Who talks of race suicide?

**The Value of Time.**—Down in Louisville, Kentucky, the other day, Laura Blythe met William Morang. Twenty minutes after they met for this, the first time, they were wed.

They said afterwards that they had wasted ten minutes in chatting. Some people have no idea of the value of time.

**Theory and Practice.**—Suffragist Orator—"Women should get the wages of men."

Male Voice—"My wife gets mine every week."

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### A NEW SERIAL

# BEHIND THE PICTURE

By M. McD. Bodkin, K.C.

Next week the CANADIAN COURIER will contain the first instalment of a new serial of more than usual interest and quality. The hero is a picture dealer and a picture lover. In his work of buying and selling pictures he has some strange and romantic experiences. The chief of these is the disappearance of a famous Velasquez, which is stolen from a gentleman's house in Ireland, and eventually turns up in a famous collection in England. The story of its finding and restoration will interest all those who have the slightest knowledge of the numerous romances which surround some of the famous pictures of the world.

The author, McDonnell Bodkin, is an Irish judge. He has been a newspaper man and a parliamentarian, and was on intimate terms with Gladstone and Parnell. He is a personal friend of the present Irish leaders, O'Brien, Dillon, and O'Connor. The most notable of his books are "Paul Beck" and "Lord Edward Fitzgerald," both of which deal with the life of actors. He is as much interested in the stage as he is in art and politics.

We can recommend this serial to all our readers as being the "classiest" story yet published in the CANADIAN COURIER. We were fortunate to secure the Canadian serial rights of what promises to be a famous novel.

Canadian Courier, Toronto



## FOR THE JUNIORS

### A LETTER AND A POEM.

HERE is a little poem the Editor has received from a Toronto Junior. We are very glad to hear from Rhoda, and thank her for the love she sends, and wish her a right jolly New Year.

Dear Editor,—This is a little poem I got ready myself for the "Juniors." I love this Book with all my heart, But especially the Junior part. Its columns many a lesson read, For boys and girls that love to read. All love this book from Baby up, And find in its columns much good luck.

Send my love to all the Juniors.  
RHODA GREER.

### KING'S REBUKE OF SELF-SEEKING.

THE King of France, having been presented by a poor gardener with a very large turnip which he had grown, gave the man a reward of 500 crowns.

A covetous nobleman, hearing this, thought that if a turnip would bring a reward of 500 crowns to the donor, a valuable horse would bring an enormous reward, and he therefore selected his most valuable steed and asked the King to accept it.

"I shall be delighted to do so," replied the King, "and to-morrow I shall be pleased to give you a valuable present in return."

When the next day came the King summoned the nobleman to his presence, and handed him the turnip he had received from the poor gardener. The disappointed nobleman had to hide his feelings, and pretend that he was delighted with the King's present. —Children's Magazine.

### WHERE SANTA CLAUS LIVES.

By NORMA WEMYSS, Aged 11.  
(Third Prize.)

"I WONDER where Santa Clause lives?" said Maggie, as she sat by the nursery fire. It was just about seven o'clock in the evening. Just then nurse came to put Maggie to bed. That night Maggie dreamt that she was on a boat, she was very cold, a pleasant man came by and saw her shivering.

"Are you cold, my dear?" he said. "Yes," said Maggie, "I am very cold."

The good man got a love y warm rug to put around her. She was so cozy and warm that she fell asleep. When she awoke she found that she was going through a very cold country. The water was nearly frozen, so the ship could not go very fast. Maggie wondered where she was. She noticed that on the ground which was a little bit away that there was snow.

Maggie wondered why the ship seemed so quiet, she thought she would look around. She went nearly all over the ship without seeing anybody. She thought maybe they had gone to bed. "There must be some one steering," she said to herself. She went into the steering room, no one there, she started to cry.

"Oh, dear, Oh, dear, what shal I do, they have gone and left me?" Maggie went on deck. Then went into the cabin and found a telescope. Coming out on deck again she looked through the telescope. Was that land? thought Maggie. Yes it was, and there was a boat, too. Maggie watched for a while and then made out that there was a big, fat man in the boat dressed in red and white. He came nearer and nearer. He looked like Santa Clause, Maggie thought. Yes it was. At last he came right up and got upon deck. "Hullo, my dear," he said. "What are you doing here?"

"Oh, please," said Maggie, "are you Santa Clause?"

"Yes," said Santa Clause, "and

what are you doing here?" he asked again.

"I went to sleep, and when I woke up they were all gone."

"Never mind, you just come with me in my boat," said Santa.

So Maggie got down in Santa's boat, and they paddled away. At last they came to land. Santa lifted Maggie out. It was all snow and ice on land. Santa carried her because it was so heavy walking. At last they came to a big house. Santa set Maggie down and opened the door. She followed him into the sitting-room. There was a bright fire there and funny pictures and toys, and lots of pretty things. Santa seated himself in a big, comfortable chair and said: "You must be hungry, my dear. It is nearly supper time and you shall have a good supper with me." Just then there was a sound of a bell. "Come on," said Santa Clause, "there's the supper bell." So Maggie followed him into a pretty dining-room. There was a little maid, too.

After supper Santa showed her through his work shop, where he made all his toys, and then to a pretty little room, and told her that it was her's.

Maggie thought she would like to go to bed.

Santa said: All right, he was sure she must be tired.

"Where am I?" was Maggie's first thought next morning. She sat up and found herself in her own little bed at home. Now she always knows where Santa Clause lives, and tells many other children.

### IN THE DARK.

WHO'S Afraid in the Dark?

"Oh, not I," said the owl;  
And he gave a great scowl,  
And he wiped his eye,  
And fluffed his jowl,—"Tu whoo!"  
Said the dog, I bark  
Out loud in the dark,—"Boo-oo!"  
Said the cat: "Miew!  
I'll scratch anyone who  
Dares say that I do  
Feel afraid,—Miew!"  
"Afraid," said the mouse,  
"Of dark in the house!  
Hear me scatter  
Whatever's the matter,—  
Squeak!"

Then the toad in the hole  
And the bug in the ground,  
They both shook their heads  
And passed the word round;  
And the bird in the tree,  
The fish and the bee,  
They declared all three  
That you never did see  
One of them afraid  
In the dark!

But the little boy who had gone to bed

Just raised the bedclothes and covered his head.

### HOW TO SLIDE DOWN A ROPE.

SLIDING down a rope is not so simple as it seems. Few boys know how to do it properly. If you try to descend by letting the rope slide through your hands, the friction will burn the palms so that you will have to let go after a few feet. If you try to lower your weight from one hand-hold to another, you are sure to become tired, and will be forced to drop.

The easiest and safest method you can employ is that used by firemen and sailors. Standing upright, throw out your right leg and give it a turn round the rope. Next put the rope in the crook of your right elbow and clasp it tightly, not in your hand, but in your arm. In that way you can slide to safety without the slightest trouble. The rope does not touch any part of the body that is not protected by clothing, and your speed can be regulated by either straightening or cramping your leg. Once learned, this method of sliding down a rope may prove in an emergency the means of saving your life or the lives of other persons.—Youth's Companion.



# Music and the Old Year

Viggo Kihl, Pianist

VIGGO KIHl is a Dane, who has lived fourteen years in London and is now teaching piano in the Toronto Conservatory of Music, where he gave his first public recital recently. I heard only the Chopin and Liszt numbers, though he gave also a Prelude and Fugue of Bach, Variations of Beethoven, and three pieces by Mozart, Schubert and Mendelssohn. His four things of Chopin were the Sonata in B flat minor, containing the celebrated Funeral March, the Ballade in G minor, Nocturne, F sharp major and the well-known Polonaise in A flat major.

To be a Dane is not primarily to be an interpreter of Chopin. Mr. Kihl is a man of stout, solid build, blonde of hair, ruddy of cheek and blue in the eye, a typically unemotional dweller by the Baltic on the North Sea, to judge by his merely physical appearance. Yet in his Chopin he demonstrated that he knows how to pull out the big climaxes, how to get the purling melodies and the rippling rills and a good many of the delicatessen of which Chopin was such a master. His playing of the Sonata was a broad, serious, constitutional piece of work, devoid of frills and furbelows; a plain, honest and capable rendering of a big piece. He did not tiddle and dawdle with the Funeral March, as some do.

In the Ballade he demonstrated a sure capacity for climaxes. But in the cantabile passages his tone seemed at times to lack sustaining quality. It seldom floated in a liquid way. It was often short and blunt. For Chopin is a tremendous test of a pianist's ability. He demands the hammer of Thor and the caress of a butterfly's wing—notably in the Polonaise, when on the tremendous climaxes Kihl's front wisp of hair flagged over his eyes and he almost stood upon the pedals. But here, again, he seemed to fail in the poetic passages.

It is in the more ethereal delicacies of tonal subtlety and in the broad aspects of rhythm that Mr. Kihl has whatever shortcomings he has—and they are few. He gave a programme of big, catholic interest, and in doing it he demonstrated his possession of most of the essential qualities of a big, serious-minded player, not lacking in either technic or imagination.

## Hambourg Concerts

MADAME LEGINSKA, a truly remarkable lady pianist, reappeared in Massey Hall at the final concert of the Hambourg Concert Society, a spectacular wind-up to a brief season. She made her first appearance in the Hambourg Concert Society Series some weeks ago. The Tschalkowsky Trio played by this talented lady with Messrs. Jan and Boris Hambourg is probably the biggest thing ever done in that exact form. It is almost symphonic in the variety of its contents and the treatment of its thematic material. It was superbly done. One apparent defect may have been part of the composer's intention. The trio sounded a good deal of the time like a piano concerto with violin and cello accompaniment. To be sure many of the principal themes are given to the piano as much as to the other instruments, and in all probability it would be difficult to subordinate the piano part enough to remove the concerto impression.

On the other hand, whatever may be said of the really splendid way in which the Hambourgs handled their material, it must be conceded that Leginska is a remarkable young woman at the piano. She plays as no woman player has ever done in this country. And she is young. She has some characteristics of genius.

The Hambourg Concert Series is finished after a season of exceptional brilliance, bringing out many new big works in chamber music. The last containing the Schumann Quintette was perhaps the most evenly brilliant of the series. The concert prior to that was the least important. The net result of this third season of chamber music by the Hambourgs

has been an added crescendo to the stimulus given that sort of music by this talented aggregation when they began their good work in this country three years ago. Messrs. Jan and Boris Hambourg will go on tour in Canadian and American cities after the new year.

THE famous Flonzaley Quartette will be heard again this year on Jan. 10 in Toronto. This is the fourth visit to Canada by these distinguished players, who are maintained by the munificence of one man to do nothing but play the best chamber music in the world. Their visits to this country have had considerable to do with the immense development going on in stringed music, a department now being as well organized in conservatories and colleges as the piano.

## Defending Melba

Amherstburg, Ontario.

Editor "Canadian Courier":

Dear Mr. Editor.—In looking over a recent musical column in your usually just and courteous magazine, I find a criticism which I cannot but think harsh and unkind. It is the column entitled "A Great Disappointment." If your critic did not want to coincide in his views with other Toronto music critics towards the Melba concert, I think his criticism could have been written in a much more polite and gentlemanly manner.

A woman like Mme. Melba does not deserve such rude and jocose treatment from "Canadian Musical Critics." If your music editor would just think for one moment what Melba has been to the musical world during the last two decades, how she has preserved pure singing during this age of Salomes and Electras, I know for certain he would be more gentle in his writings about this truly great woman. Gratitude for what she has done during her years as a singer ought to prompt any critic to be kinder than to remind that famous artist of her advancing years.

I admire and appreciate Mme. Melba's art as do thousands of others, and although she may be growing on in years, I sincerely hope she remains supreme in the domain she has reigned over so many years, for at least a while longer, that the rising generation may not hear of her as of a past joy, but may at least hear some of her unparalleled tones before they pass into oblivion.

Yours truly,  
PHILIP MACOMB MULLEN.

## Opera in Hamilton

Editor Canadian Courier:

Dear Sir,—I greatly enjoyed a recent musical column in your paper, but was greatly surprised at your omitting to mention the Hamilton Operatic Society, of this city, in your remarks on "Light Opera."

This society is not a new organization, as it was started in 1907 or 1908, and played The Mikado to three well filled houses at Bennett's Theatre (now the Temple). Since that time it has presented Erminie, The Geisha, Florodora, San Toy, and the Runaway Girl at the Grand Opera House here, and some of them, I believe, in other Canadian cities. This society is now preparing The Mikado again, which will be presented on Nov. 17th and 18th.

The Hamilton Operatic Society was a competitor in the Earl Grey Competition in 1912, on which occasion fifty-two members went to Ottawa to play Florodora, without a professional on the stage.

Although the personnel of the society has greatly changed during its history, it has ever been under the able leadership of C. L. M. Harris, Mus. Doc., of this city, who takes a great interest in amateur productions.

Very truly yours,  
W. BENSON COLLIER.



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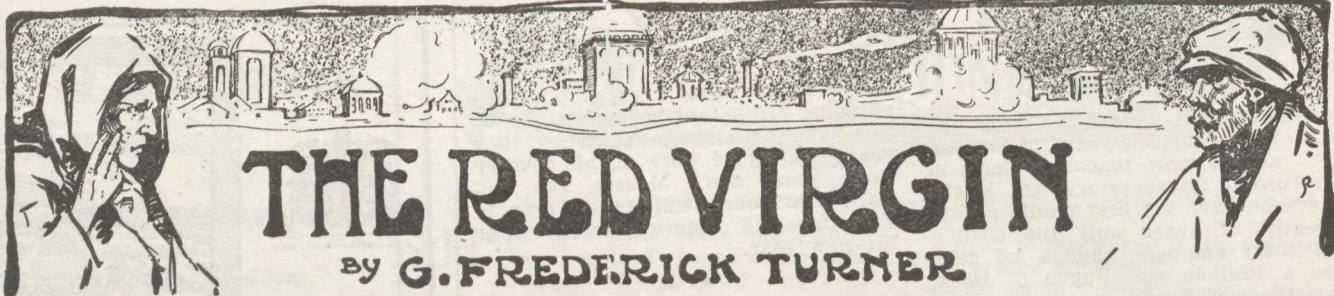
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# THE RED VIRGIN

BY G. FREDERICK TURNER

## CHAPTER XXVIII.—(Continued.)

She knocked on the door, while Saunders concealed himself in a shadowed recess outside. A wild-looking, swarthy ruffian with a shock of black hair opened the door. His feet were pushed naked into leather slippers; his trousers were torn and greasy; his shirt was stained, ragged, and open at the throat; his large and hairy ears were adorned with silver rings. Savagery was writ plainly on his coarse features. He scanned her up and down, not without a kind of bestial admiration.

"What do you want?" he asked.

"I want to see His Highness the Arch-duke Cyril of Wolfsnaden." Phoebe's voice was firmer than she could have conceived possible. She even contrived to smile.

"He is out," replied the man.

"Then I will wait."

"I shouldn't if I were you," was the blunt advice; "there is another of your sort upstairs. Maybe she mightn't give you too friendly a greeting."

"I will risk it," said Phoebe.

"But my orders are to admit no one."

"If His Highness learns that I have been here and refused admittance there will be trouble."

The man ran his unspeakable finger nails through his barbarous hair.

"That's likely enough," he conceded. "Anyway, you can't do much harm. Follow me—and mind your head against the beam."

Her guide led her to a door at the end of a passage, pointed silently to the portal, and disappeared down a steep staircase to the basement. What neither perceived was that Saunders had followed them like a shadow, and was standing soundless in the corridor.

For a moment Phoebe was afraid, and then in a second she was beyond fear. Her resolve was taken. It had cost much in the taking but, the struggle over, she resigned herself passively to whatever Fate had in store for her. Women are like that.

She knocked at the door, but apparently no one heard her. There was a gruff voice speaking within.

"But Your Majesty," it said, "His Highness's commands were explicit. He told me most definitely to escort you to a house in the Goose Market."

Phoebe had heard that voice twice before—once in the Concordia, once in the 'Persian Vault.' It was the voice of the big officer who had tried to force a duel on Herr Lugner in the hotel, and who had led the blood-thirsty attack on them in the disreputable dancing-saloon.

Then came a voice she had never heard, the voice of the ex-Queen.

"If I go," she said, "I take my son with me."

"That is against my instructions," answered the dragoon stubbornly.

"And this poor wounded fellow—"  
"Is too ill to be moved. Your son can look after him, and our host, Birnbaum, after both."

"Birnbaum, an anarchist, a cut-throat!" protested the ex-Queen.

"If you think that," retorted Lacherberg, "you had best come with me."

"And leave my boy to the tender mercies of a criminal?" The ex-Queen began to weep. The weeping, from being soft and sobbing, grew to a shrill hysteria. Even Phoebe, who did not know the ex-Queen, realized that the tears were less a surrender to a creditable emotion than the weapon of a woman in difficulties. The ex-Queen loathed her present quarters with the loathing of a fastidious woman for extreme discomfort, but greater than her sense of discomfort was her new-born distrust of the Arch-duke. She read all sorts of mo-

tives—perhaps among them the correct one—in von Lacherberg's mission to withdraw her from the Krippel-Thor.

Phoebe felt that if she was to enter, the present moment was as opportune as any.

She turned the handle and pushed open the door. It disclosed a bleak chamber, smelling of stale food, cheap oil, and ancient dirt. Crazy shutters masked broken window-panes, but failed to exclude piercing draughts of icy air. Patches of plaster had fallen from the mildewed walls, and lay in crumbled heaps by the worm-eaten skirting. Cobwebs, and the things that make cobwebs, abounded. The sole attempts at decoration were printed reproductions, cut out from cheap journals, of well-known anarchists who had achieved notoriety by assassinating kings and presidents. Altogether it was about as disreputable a den as ever housed personages of birth and distinction.

Standing by a rickety table in the middle of the room were von Lacherberg and the ex-Queen. At the far end, in an alcove, partially concealed by a tattered, colourless curtain, lay the body of a man, bandaged, motionless, apparently insensible.

Phoebe's heart gave a leap, for she realized that that half-unseen figure must be the hero of her imaginings, Fritz of Friedrichsheim.

## CHAPTER XXIX.

### The Mask Removed.

TO say that Phoebe's intrusion on the scene created surprise is to express the truth in terms of baldness and insufficiency.

The ex-Queen had never set eyes on her before, and had no conception why a fashionable dressed and remarkably beautiful young woman should put in a sudden and mysterious appearance in the house of the anarchist Birnbaum. Not being a good woman, a reason that had nothing to do with goodness soon suggested itself to her mind.

In the case of von Lacherberg, Phoebe's comely features struck a vaguely familiar note, but it was several seconds before he recalled in what connection, several more before recognition crept into his questioning eyes, several more again before the association of ideas prompted him to murmur the words, "Saunders' work," under his breath.

As regards the third individual, Fritz of Friedrichsheim, bandaged, aching, almost semi-conscious, the appearance of the lovely English girl in that infected den provoked feelings for which the term "surprise" is utterly and absurdly inadequate. He believed at first that he was the victim of delirium brought on by the rough usage to which he had been subjected. His head was still buzzing from a blow which would have cracked a thinner skull; his wounded wrist and head throbbed dully with hot pain. Till the amazing arrival of this vision of loveliness he had been about as miserable in mind and body as it is possible for a man to be. Everything seemed to speak of failure. Even Saunders, in whom he had trusted with an almost superstitious confidence, had failed. True, the Englishman had stopped Karl's abduction in one direction, but he had not been able to stop it in another and more dangerous one. Death, as likely as not, seemed the fate reserved both for his Sovereign and himself. He was no coward; he was, on the contrary, exceptionally brave, but the prospect of an early demise is not cheering when your bruised body is couched on a hard floor, and your battered head is pillowed on a scrap of evil-smelling carpet. And yet pain,

and apprehension had been doing their silent, inevitable, purifying work. His thoughts had wandered to the girl with whom he had had such strange converse in the Bahnhofstrasse that afternoon, and he had realized that his feelings for her differed, not in degree but in kind, from any feelings he had ever entertained for any woman in the world. His oddly expressed belief that women were cats looking for the best home had dwindled to nothing in the hours of darkness and long-drawn suffering. He had felt that if Phoebe Perowne were at his side in his misery, a healing hand would have been laid on his brow, a pair of matchless eyes would have sent beams of cool starlight into the burning fever of his brain, a silver voice would have harmonized the shrilling discord of his tortured nerves. That was an aspect of womanhood he had never contemplated—the selfless ministry of pain. And then the thing imagined and longed for became suddenly the thing seen. It was not the mirage of delirium—he forced himself to realize that—it was the simple miracle of actuality. He stirred and tried to call out, but pain and weakness kept him mute and motionless. He lay still in the curtained shadow of the alcove, watching but unseen, strangely comforted and content because he could still see.

It was von Lacherberg who broke the silence that followed her entry.

"What do you want, Fraulein?" he asked gruffly.

"I want to see the Arch-duke," she replied, with a brave effort to appear confident.

"Why?"

Phoebe, obedient to her instructions, smiled.

"Lieutenant Hugo of the Artillery sent me," she replied softly.

For a moment von Lacherberg was silent. Then he blurted out:

"That's a lie."

Phoebe was disconcerted, visibly disconcerted, but the ex-Queen came momentarily to her rescue.

"I don't think it is a lie," she said. "From what I've seen of Lieutenant Hugo, and from what I know of the Arch-duke, I should think it is very likely to be true."

"Your Majesty is in error," said Lacherberg coldly. "I have just been in the company of Hugo and the Arch-duke, and I know that this girl has nothing to do with either. This person is English and a friend of Saunders, and is without doubt sent by him to spy on us."

"BUT how did they find out where we were?" asked the ex-Queen.

"How does Saunders find out anything and everything!" retorted the dragoon. "I don't know; but I've seen this girl in his company before, and I'll swear she's his agent."

"Then we must send her away at once," said Charlotte.

"Better retain her as a hostage," said von Lacherberg. "We're rich in hostages, if nothing else. The Pension Birnbaum is filling up nicely. Fraulein, please consider yourself our prisoner."

Phoebe experienced the bitter moment which comes to good triers when they have to accept inevitable defeat. She had done her utmost; she had taken the risk and played her part, but this sour old bully had seen through her trickery and laid bare her real character.

It was at this moment of despair, humiliation, and pardonable anxiety that she heard a step behind her, and, looking round, saw the massive, self-assured figure of the man who had conducted her on her perilous expedition. As by magic her confidence returned with a rush. How could there be danger or failure when this man

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was by, with his cool eye, square jaw, and smiling lips with his imperturbable calm, and almost terrible concentration.

Saunders, acting on an impulse amounting to inspiration, had done what must be accounted a brave thing. He had entered the room, not indeed unarmed, for his Westley-Richards pistol was in his overcoat pocket, but with his hands empty of any weapon. It is strange that in a land where most men were reckless, Saunders, who was not reckless, was accounted par excellence a brave man.

It is true that he could, and did, act with supreme boldness when the occasion demanded, but he never acted unless he believed the odds, however slightly, were in his favour.

So now, for reasons of his own, he preferred deliberately to fight his battle with moral rather than physical weapons.

In a twinkling von Lacherberg had whipped out his revolver. He did not cover Saunders with it, as people do in a play, but held it quietly pointing downwards—a far more effective threat in the hand of a cool and determined man.

"I thought you were not far off," he said. "What do you want?"

"The King—that is essential," replied Saunders in his most matter-of-fact tones. "Also there is a wounded man in the inner chamber behind you. I must have him too."

Lacherberg's wooden features relaxed in a sarcastic smile not altogether devoid of admiration.

"Have you a body of soldiers outside?" he asked.

"No."

"Then what in the name of thunder are you doing here unarmed?" Lacherberg's tone was less that of anger than an almost pitiful reproach.

"I am not strictly speaking unarmed," said Saunders pleasantly.

"A revolver in your pocket, eh? Then if you move your arm you're a dead man."

"I have no intention of moving my arm. My right arm is out of action. My left is where you see it. I have not come to shoot. If you don't believe me, you can slip your hand into my pocket and take out my Westley-Richards. I will ask you to look upon it as a loan only. It was a birthday present from my wife last November, and I value it."

"Gott!" cried the dragoon. "You're a cool devil, even for an Englander. But you must go, and go quickly."

"I propose to, and I propose taking my friends with me."

Von Lacherberg took thought. "You can take the girl," he said at length.

"And the men, if you please," supplemented Saunders, with unruffled politeness.

"YOU go too far," cried von Lacherberg. "If I were doing my duty by my prince, I should have shot you dead a minute ago. I did not do so, because you once saved my life, and because you come here without a weapon in your hand. But you must not presume on your helplessness."

"I am not presuming on that."

"Then on what do you rely?" countered the dragoon, almost savagely.

"Money? I am a poor man, God knows, but I don't take bribes."

"I should not do you that injustice," Saunders retorted. "Neither will I do myself the injustice of insisting on the fact that I once saved you from the rope. But I take leave to remind you that you are a von Lacherberg; that is, a member of a family that has a certain honourable record in the service of the State. You are on the wrong side, my friend, the side of injustice, oppression, tyranny."

The welfare of Grimland is bound up with the welfare of the House of Karl—with the life and freedom of the youth you hold prisoner. You know that as well as I do. Let me go with your captives here. I offer no threats and no bribes—I keep those for meaner men. I remember only that you are a von Lacherberg. Do you remember it too, and play the gentleman."

Von Lacherberg thrust out his chin doggedly.

"I am not your man, Saunders, but Cyril's," he growled.

"Be no man's man; be yourself." "Myself is to be loyal to my master. Again I say, go; go in peace while there is time."

Saunders smiled and shook his head. "You don't know me very well," he said, "if you talk like that. I don't start a job without putting it through. My father opened fifteen new shops in Oxford Street, and he made every one of them pay. Success is in the blood of the Saunders. I'm not out for failure, man."

Von Lacherberg drew a deep breath, and the hand that held the revolver shook a little. He was in great distress, and little beads of sweat crept out on to his forehead.

"Before God and high Heaven you're mad!" he said in a choking voice. "Go, or you compel me to the vilest work I have ever done."

Saunders' smile broadened a little. "You're a better man than you think, von Lacherberg," he said cheerily.

"By the Lord! you madden me," cried the dragoon. "I'm no chicken-hearted boy to faint at the thought of blood letting; but I'd sooner shoot my own brother than kill a man like you. But I'm Cyril's dog, and I'm on guard, and I'd mishandle an angel of light if he came to take away my master's belongings committed to my charge."

PHOEBE well-nigh swooned with the anxiety that surcharged the silence which followed. The monomaniac was doomed; she read it no less in his dauntless mien than in the grim, bitterly unwilling resolution of his antagonist. As for the ex-Queen, she was possessed by an absurd terror lest von Lacherberg should fail in his aim and hit her. Accordingly she had edged away into the corner of the room, and covering her face with her hands made strange mewling noises that were intended to express a moving protest against the use of firearms in a confined space.

But Saunders had seen something that neither of the two women had seen, something that had not entered remotely into the dragoon's calculations. In the alcove behind von Lacherberg, Fritz of Friedrichsheim was making a superb effort to come to his friend's assistance. Stricken, dizzy, suffering intensely, his good loyal heart was urging his feeble body to a grand effort for the cause. Slowly, silently, and with incredible difficulty he raised himself from a recumbent position to his knees. From his knees he forced himself, still without making a sound, to a tottering uprightness. He closed his eyes and put his hand to his bandaged brow. He fought pain and the weakness of pain, and the noble blood of his house conquered the feebleness of the flesh. He advanced his soundless, swaying steps till he stood immediately behind von Lacherberg. Saunders saw, without seeming to see. Then the dragoon spoke again, slowly and deliberately.

"This afternoon," he said, "in the Freiherr's house, I would have saved you from Cyril's bullet, if necessary, at the cost of my own life. But now I warn you with all the solemnity at my command that if you do not go before I count six I will kill you."

Saunders gave a slight and somewhat cheerful nod.

"One—two—three—"

Phoebe's heart ceased to beat, and the ex-Queen desisted from her mewling noises and, removing one hand from her face, opened an inquisitive eye from her corner.

"Four—five—"

At the word "six" von Lacherberg raised his hand, and simultaneously his weapon was dashed from his broken wrist. Fritz had put all his remaining strength into a left-handed blow with a broken chair-top.

Von Lacherberg turned round with a gasp of pain. Phoebe cried out with her whole soul in a cry of purest relief. Fritz had lost his poor balance and fallen face downward on the floor.

When von Lacherberg looked round again he found himself gazing down the barrel of a Westley-Richards repeating pistol.

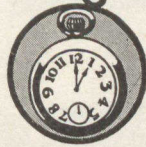
The dragoon folded his arms and faced the menace squarely.

"When you saved my life in the 'Persian Vaults,'" he said, "I told

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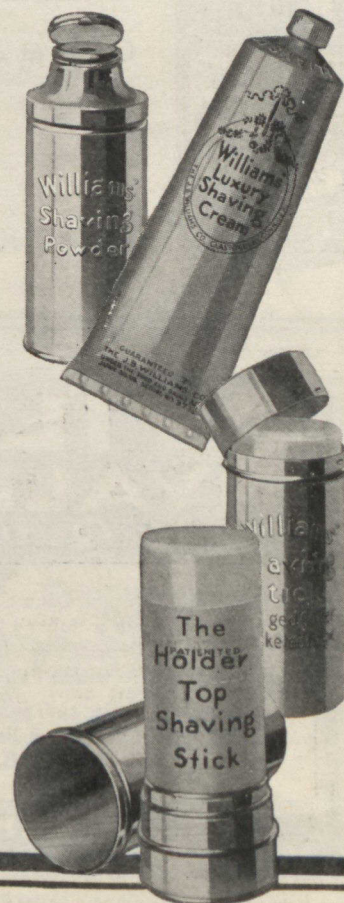
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you to look upon me as an open foe. Also I prayed, when the time came for us to meet, that Fate would jog my elbow. It appears that prayers are sometimes answered, even when made by blackguards like myself."

"And do you regret your prayer?" asked Saunders quietly.

"I thank God I made it. I thank God, He answered it. Do your work, Saunders, and tell my prince, if you meet him, that I died true to my salt."

Saunders lowered his weapon. "No," he said. "I told you I did not come to shoot. I have lived several years in Grimland, but I am not sufficiently a Grimlander to like seeing a man die."

Von Lacherberg's big chest heaved with a deep, quivering breath.

"We don't breed men like you in this country," he said between his teeth.

"Oh, I'm not a mere chivalrous fool," said the Englishman; "and I'm sufficiently the son of a linen-draper to like a good bargain. I sell you your life, but only at my own price."

"Name it."

**G**O with the ex-Queen to the Strafeburg and report yourselves as my prisoners. You will experience nothing worse than an honourable captivity in excellent company. And as far as I can read the riddle of the country's politics there is a likelihood of your imprisonment being quite brief."

The dragoon saluted with dignity. "I give you my word," he said, "not as a gentleman, but as a soldier. Come, Your Majesty."

"Must we go to the Strafeburg?" pleaded Charlotte, with what was meant for a tender side gleam to Saunders.

"Undoubtedly," said the Englishman.

"And if you resist," said von Lacherberg dispassionately. "I shall first kill you and then kill myself."

He offered his arm to the unhappy woman, and in silence they left the building.

Saunders turned his attention to the loyal friend who had spent his last ounce of strength on his behalf. He found himself forestalled by Phoebe Fritz's head was pillowed on something less uncomfortable than an evil-smelling scrap of carpet. A healing hand was laid on his brow, a pair of matchless eyes sent beams of cool starlight into the burning fever of his brain, a silver voice harmonized the shrilling discord of his tortured nerves.

"Poor, poor fellow," it said. "You have done the second brave thing in your life."

"The second!" echoed Saunders. "The hundred and second! Why, he is the bravest man in Grimland."

"The bravest—Herr Lugner the bravest man in—"

"Herr Lugner is a myth," said Saunders. "Oh, I know I'm breaking my promise in telling you, but we've been too near realities to-day to keep up the tomfoolery."

"Then who—?" began Phoebe.

"That misused, wounded prisoner is the first man in Grimland after the King, the Regent who is to be—Fritz of Friedrichsheim."

Phoebe, gazing at Saunders open-eyed, said nothing, did nothing. She merely felt. And her feeling at first was purely physical. A numbness of the brain, a tingling of the scalp, waves of vibrant cold passing rhythmically through her limbs. Then the physical symptoms abated, and she felt more deeply, because now she felt in the very core of her being. It was joy she felt, the vast, mysterious joy that is the divine uprush of the soul when the gift is pure and the recipient pure, and the giver is God Himself. The one thing wanted to kindle the white, singing flame of virgin love had been added. She could admire—reverence even—this man whom she had almost loved despite his believed defects. In a Heaven-given moment he was revealed not merely as of noble blood and noble position, but as a very prince in courage, loyalty, and patriotism. Perhaps Saunders realized what was taking place. His was the mature, settled tranquility of one who has known years of mated happiness; but he had

not forgotten that there was a period when the very gates of Heaven had seemed opened to him and a flood of glory had streamed into the secret places of his soul. Unless a man can sometimes remember these things he has ceased to live in the fullest sense of the word.

"Miss Perowne," he said quietly, "I am going upstairs to find Karl."

Phoebe bowed her head in silence, and Saunders left the room.

Outside he encountered Birnbaum, the anarchist, coming up from the basement.

The man regarded him with suspicion and hostility.

"Who are you?" he demanded roughly.

"My name is Saunders. That should be enough."

It was enough! Birnbaum was one of those who had participated in the attack on Saunders and his party in the "Persian Vaults." His creed was hate, hate so overwhelming that it left no room for fear, prudence, or mercy. A murderous knife was snatched from the torn shirt that half covered the hairy bosom. Saunders struck hard and quick with his sound left arm. His big fist caught the angle of the degenerate's jaw, and the man crashed down the steep stairway leading to the cellar. He lay groaning at the bottom with a compound fracture of the thigh bone and a furnace of impotent malice consuming his heart. Saunders did not take the trouble to ascertain the extent of his injuries, but mounted to the level of the first floor.

Here he found a door locked and bolted securely from the outside. He drew the bolts and turned the key in the lock. In a room as villainous and wretched as any in Weidenbruck he found Grimland's King. The lad was pale but dignified, expecting fresh insults and possibly janger. His whole expression changed to joy as his eyes lighted on the Englishman.

"My friend!" he cried, rushing into Saunders' arms.

"Your friend," said Saunders, gently disengaging himself, "your father's friend, Grimland's friend."

"What news?"

"The best. Von Lacherberg and your mother are on the way to the Strafeburg to report themselves my prisoners. Below, Fritz is being tended by an English girl with whom he is madly in love, and who, unless I am mistaken, is madly in love with him. I propose sending them up these stairs to keep you company a little while."

"And yourself?" demanded Karl.

"I am a man of commercial instincts," replied Saunders dryly, "and I propose earning a little money."

"What do you mean?"

"You forget—or you may not be aware—that there is a price on the Arch-duke's head. He will return soon, and I propose to earn it."

### CHAPTER XXX.

#### Peace.

**W**HEN Saunders returned to the room on the ground floor, he found Fritz and Phoebe much as he had left them.

Fritz's physical sufferings had been miraculously banished by healing contact with his affinity. Conversation there had been practically none. Words were an effort, and a useless effort, when he could convey what he desired by a devotional gaze and the tender pressure of an exquisite hand.

"Are you well enough to go upstairs?" asked Saunders, with a friendly smile.

"I feel well enough to go anywhere," replied Fritz. "But first I must thank you—"

"No, you must not," interrupted Saunders. "That is the last thing you must waste your breath on. We can start thanking each other next spring, when the snows melt, when Karl is safely in his seat, and Cyril but an evil memory in the ancestral vaults of Wolfsnaden. For the moment let us go on standing by each other and helping each other in the good cause, and the good cause will win."

"Thanks to you, I am the happiest man alive, and I must say it."

"Then say it upstairs, like a good

fellow. Karl is there, and will be glad of your company. Miss Perowne will lend you assistance up the stairway."

Fritz was helped to his feet. After a moment's dizziness he expressed himself ready to do as he was told.

"Take Miss Perowne's arm," said Saunders, "and if that isn't enough you can have mine as well. But I wish to stay down here and not risk missing anything."

"You mean—?"

"I mean I expect Cyril back at any moment, and I want the lady out of the way."

"Exactly," said Fritz. "I understand. I have every confidence in your left arm. But what of the beast Birnbaum?"

"The beast Birnbaum is at the bottom of the cellar steps. His descent was rapid and involuntary, and I don't regard him as a factor in the situation."

"Damaged?" asked Fritz.

"Quite a lot, I should think, from the way he squealed. Common humanity would suggest our descending the stairs and ministering to his afflictions, but common humanity is a sentiment conspicuously absent in my bosom at the present juncture."

The hard speech jarred a little on Phoebe, albeit the stern lessons of the crisis had not altogether passed her by. She was still a woman; perhaps more truly so than heretofore.

"When I have helped Fritz upstairs," she said, "I will do what I can for the poor wretch."

"You will do nothing of the sort," said Saunders. "I am in command here, and that is the mot d'ordre. Birnbaum possesses a sharp knife and a black heart. He is about as safe to approach as a wounded tiger."

Phoebe bowed meekly to the masterful speech. She had learned to appreciate mastery, the mastery of strong manhood that is of use in the world.

AS soon as he had the place to himself Saunders set the lamp in an angle, so that while the room remained lighted the curtained alcove was in deep shadow.

Then he examined his revolver carefully, levelled it several times at various objects to make sure that his hand was steady, and entrenched himself in the gloom behind the curtain.

His precise period of waiting was twenty-three minutes—and it seemed a century!

There are times, doubtless, when killing is no murder, but to wait in a dismal den with the fixed intention of putting a bullet through a fellow-creature's brain is a trying experience to the toughest nerves and the sternest conscience.

It had been Saunders' fate to kill plenty of men in the heat of battle, and if he had killed calmly, even in the press of combat, it had been with nerves quickened and set with the sense of personal danger, and a mind stirred, if not unduly exalted, with the magic stimulus of a lethal contest.

But now he felt to the full the horror and beastliness of slaying, unseen and in ambush, a vigorous, full-blooded man in the prime of life. A sense of oppression weighed down and obsessed his soul, as if some frightful spirit was present in the room, crushing him with its terrifying influence. To add to his troubles the lamp began to burn queerly; the flame flickered up and the oil gurgled; objects which had hitherto been still and inanimate flickered and shifted before his straining gaze, and the shadows danced a weird rout on the filthy floor and mouldy walls.

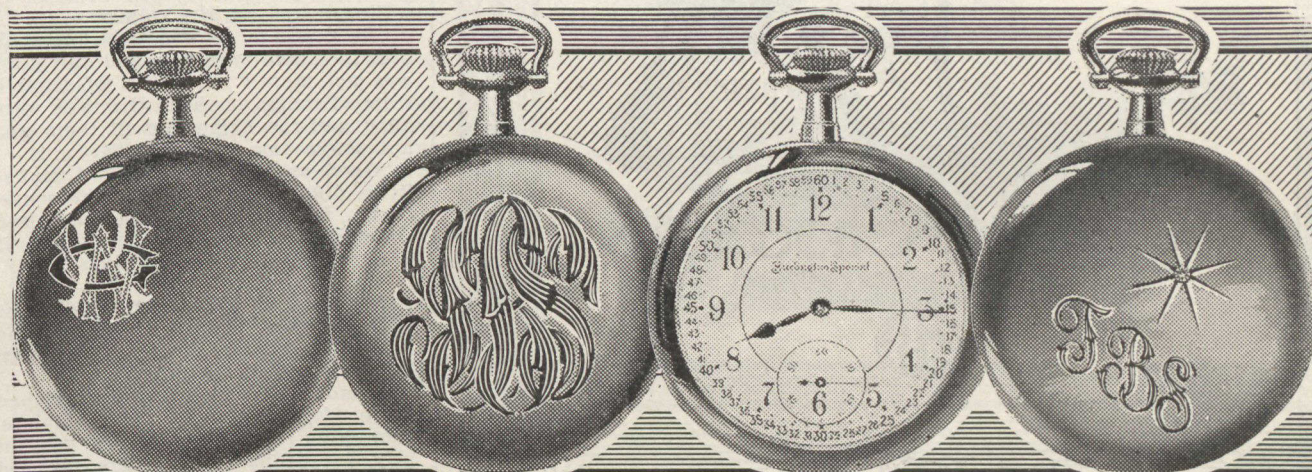
And yet the heart of him stood fast and invincible. The slaying was necessary, virtuous, and inevitable.

It was one man's life against many. By Cyril's death alone could peace be brought to the land, and justice be done to the lawful heir of Grimland. He had no right to be over-nice in his methods; pity would be a culpable folly; and he steeled his heart with the ruthless determination of a man who knows the difference between mercy and weakness.

At last the hateful period of waiting was over. There were sounds of the street door opening, and then the

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tones of a man and a woman's voice. The Arch-duke entered first, and close behind him—to Saunders' astonishment—the Red Virgin. Was it imagination, or did a third form, a colourless, soundless figure, slink like a snake behind the half-open door? In the tricky light Saunders, for all his keen eyesight and sharpened faculties, was not certain. And now, eager though he was to get the abominable business over, the Englishman bided his time. The Red Virgin's presence meant something, and he wished to learn what.

"This is the best habitation I have to offer you," said the Arch-duke, tossing his hat on to the rickety table, and divesting himself of his cloak. "Will it serve?"

"It is a palace compared to some I know," replied the Red Virgin.

"And a kiss is as good in a cottage as in a palace, eh?" he asked, with a brutal laugh.

She turned on him calmly.

"As good—or as vile," she retorted.

Cyril's face was red, and the glow was not merely the result of a quick tramp through icy air. His eyes were afire, and the flame that lit them was not wholesome.

"Good or vile," he said, "it makes little difference to a man of sense. Come, my girl, you have promised something I mean having. Time is precious these strenuous days."

HE advanced with outstretched arms towards the Red Virgin, who had separated herself from him by the width of the room.

Saunders felt that the moment had come for shooting. Nevertheless, something restrained him. It was not pity, for he never felt more justified in blotting out an evil life. It was the sight at that moment of the Red Virgin. Drawing herself up to the fullness of her great height, one hand on her breast, the other outstretched towards her companion so that the palm of her hand was turned to him in a gesture of calm prohibition, she seemed in that dingy, ill-lit chamber to be robed in dignity, as with the shining garment of a saint. Her face took on a clear-cut purity, her eyes a glow that was borrowed from some unfathomable well-spring of the soul. Even Cyril in the grip of his ugly desire stopped like a man bewildered and oppressed.

Then occurred what Saunders afterwards described as his great hallucination.

The Red Virgin was standing so that the lamp was immediately behind her head, so as to give the perfectly natural but beautiful illusion of a halo. And the flame of the lamp rising and falling more spasmodically than ever as the oil drew near its end, played weird tricks with perfectly stationary objects, so that they moved and danced before his eyes. And to his harassed and deluded senses it appeared that the Red Virgin towered to more than her natural height, as if some power had lifted her bodily a foot or more above the floor.

As a sensible man and the son of a linendraper, he knew that nothing of the kind had actually happened. He knew that the deluding light of the expiring lamp, the emotion of the moment, the nervous reaction after a prolonged period of distressful waiting, were making him see things otherwise than they were. Even the theory, subsequently propounded by a friend, that a woman of curiously strong psychic force might momentarily dominate the minds of onlookers so that they were obsessed by a delusion, he rejected as fantastic and impossible.

He rubbed his eyes and gazed hard, wondering when the trick played by his brain was going to yield to sanity and common sense.

Reason, however, failed to adjust the ridiculous impression, and he turned his glance to the Arch-duke Cyril. The man's face was a picture. His features twitched, his eyes seemed bursting from their sockets. An army of superstitious fears had besieged his spirit. Always it appeared that he was fighting against Fate. Never would success crown his desires. Even now the thing he madly craved was held from him by some nameless force. What he saw, or thought he saw, no man can tell, but without a

doubt, put it how you will, some spirit of innocency, some rare and wonderful gift emanating whence he knew not, protected his victim from violence as with a hedge of steel.

He fought against the influence with the delirious fury of a madman. He swore a horrible oath, and dashed the sweat from his forehead. With the effort of one struggling in the sucking horror of quicksands he impelled his semi-paralyzed limbs towards the mystic figure who alike allured and repelled him. In another moment he would have grasped his prey. Then Saunders moved. The idea of killing a man from behind cover disgusted him, and he stepped out from behind the curtain with his weapon levelled at the outlaw's head.

"Cyril of Wolfsnaden," he said sternly, "if you happen to know a prayer I should suggest your repeating it. Whatever you say, curse or prayer, will be your last speech on earth."

For a second Cyril's eyes blazed from his white face; for a second, then the gleam was dulled as a mirror that is breathed on. The man was face to face with his doom, and he knew it. He read death in the Englishman's face, in his voice, in his rocklike pose. Fate had overtaken him, as he had often felt it would. He was no coward, but the horror of the coming darkness gripped him by the throat, and he moistened his lips before he could make reply.

"For God's sake kill quickly," he said hoarsely. "It is cold work waiting for death."

"Commend your soul—" began Saunders, but the wretched man interrupted him with a cry.

"Kill," he said.

Then Saunders, feeling the horror of the situation overmastering him, hastened to make an end. He fired—and missed! Of course the light of the quivering flame was impossibly bad, but even so—he, Saunders, the infallible, the very embodiment of self-assurance had blundered. It was more a sense of shame than fear of reprisal that for the moment overcame him. Then before he had time to think or move he saw the Arch-duke flinging himself at him, mad joy in his blazing eyes, a great hunting knife in his right hand. Cyril struck hard, with all the strength of a powerful arm nerved with the hate and fear of a trapped beast. But the keen broad blade never drank the blood intended for it. With almost superhuman agility the Red Virgin cast herself in an act of supreme devotion between the deadly knife and the man she worshipped. The steel buried itself in her breast, and the stricken girl fell, and, whether by chance or in a final conscious effort, she fell into Saunders' arms. Her eyes opened and gazed into his face searchingly, but without the gift of sight. Then for a brief moment vision blessed her orbs, her lips muttered "My king," she smiled, and then lay still and lifeless on his breast. And at the very moment her strange spirit sped the lamp went out, leaving the room in total darkness. Suddenly a match was struck in the darkness, and automatically his weapon was raised to kill the man who struck it. By a miracle he restrained himself from firing, for the man who struck the match was Langli!

MEYER'S man-servant, holding the match in one hand and a knife in the other, was kindling a candle stuck in a broken bottle-neck on the crazy mantelsheff. And the deed that Saunders had once failed to do, and was determined to do at a second effort, was already done!

Langli, the shadow behind the door, had been watching the course of events from his cover, even as Saunders had from his. Crossing the room, unseen, unheard, unsuspected, but a fraction of a second too late to save the woman he loved, he had buried his knife between the shoulder-blades of his enemy. Cyril was dying, but not dead. Like a wounded snake he crawled and writhed along the floor. His palsied fingers encountered the Red Virgin's skirt, he pressed the hem to his bloody lips, made the sign of the cross on brow and breast, then with a gasp fell over on his side, dead. "Langli!" exclaimed Saunders.

The man's face was as white as his

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bleached hair, and there was an unearthly look in his eyes.

"I have killed my man, Excellency. I am ready for the scaffold."

"There is no penalty for killing out-laws. On the contrary there is a reward. You will have a decent competence, Langli. I congratulate you."

"What I have done I have done from love and hate—love of her, hate of him. If there is money to be given, let it be spent as she would have spent it, on the sick mother and the starving child."

"That is well spoken. But tell me how you came here."

"I am more of a shadow than a man, Excellency. Where the Red Virgin went I followed, as far as my duties permitted. I loved her as no man ever loved woman—and she never suspected it. She was of another world, and I a thing of base and common clay. I never hoped to make her mine. Virgin she was and Virgin she was fated to die. No man was anything to her, save one, and that one, Excellency, was yourself."

"God knows why?" said Saunders hoarsely.

"I do not grudge you her love," said Langli, "for you did not abuse it. Her spirit will be near you always. Cannot you feel it now? But as for me—I must wait."

SAUNDERS nodded gently. The presence of the freed soul seemed about as real as anything else in the room just then.

"Faith is a good thing, my friend," he said. "It is better than blood-money, and brings a man peace at the last. And so you were following the Red Virgin here?"

"I was at the 'Three Cats' when she left with the Arch-duke. I wondered deeply, for her lips smiled on him and her eyes were strangely bright. Could it be possible that she, the Red Virgin, had fallen victim to the allurements of a great noble? It seemed incredible, and yet—I followed with a knife in my breast and a horrible pain in my heart. The devil makes strange conquests; perchance even she, the sweet strange spirit that compelled my worship, was the prey to the devouring power of the evil one. I tracked him to this house, and entered silently and unseen behind them. Soon I was to be undecieved. Whatever the Red Virgin's motives were, they were pure; only a saint could have appeared as she appeared before her end; and only a very evil man could have spurred his blasphemous will to violate the sacred atmosphere that surrounded her."

"That is true," said Saunders; "yet perhaps he, too, found grace at the end. He kissed the hem of her garment."

"I have killed him, and I am glad I killed him," said Langli. "Yet I do not grudge him the peace he won at his last breath. A man's hate should not go beyond the grave."

Saunders looked at the man searchingly.

"And you are a forger?" he asked. "I was," he replied simply, "till I knew her."

"Langli," said Saunders in more serious tones than he often employed. "Till a man meets one particular woman he is generally a forger, or a cheat of some sort. Either he cheats his neighbour or else his own soul. Perhaps I was such a one. Perhaps even the Baron of Friedrichsheim was another. He is so no longer, for he has met the greatest gift in the world, purity enshrined in womanhood. Forgive me, Langli, for I am getting sentimental. Also do not repeat my words, or I should dissipate a hard-earned reputation for cynicism. Cynicism, by the way, is another name for moral cowardice, and somehow in the presence of death it is difficult to be a moral coward. Let us shake hands, Langli?"

"I am honoured, Excellency."  
"Perhaps we are both honoured. God knows. But now there is work to be done—the victor's work, for we have won the long battle of right. The House of Karl has triumphed, and the State has peace—at a price."

Then he knelt down and kissed the Red Virgin's cold brow, and his heart sent forth a little prayer which need not be set down here.

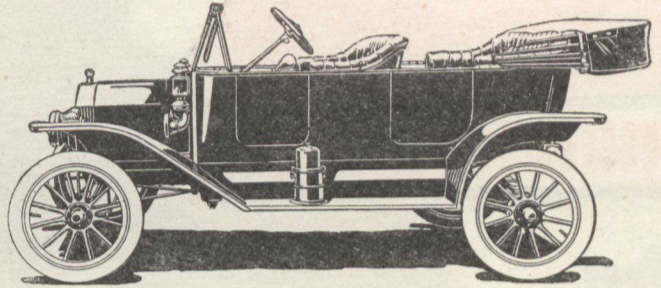
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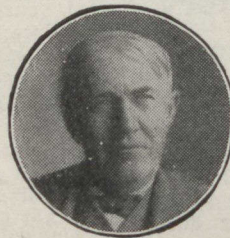
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