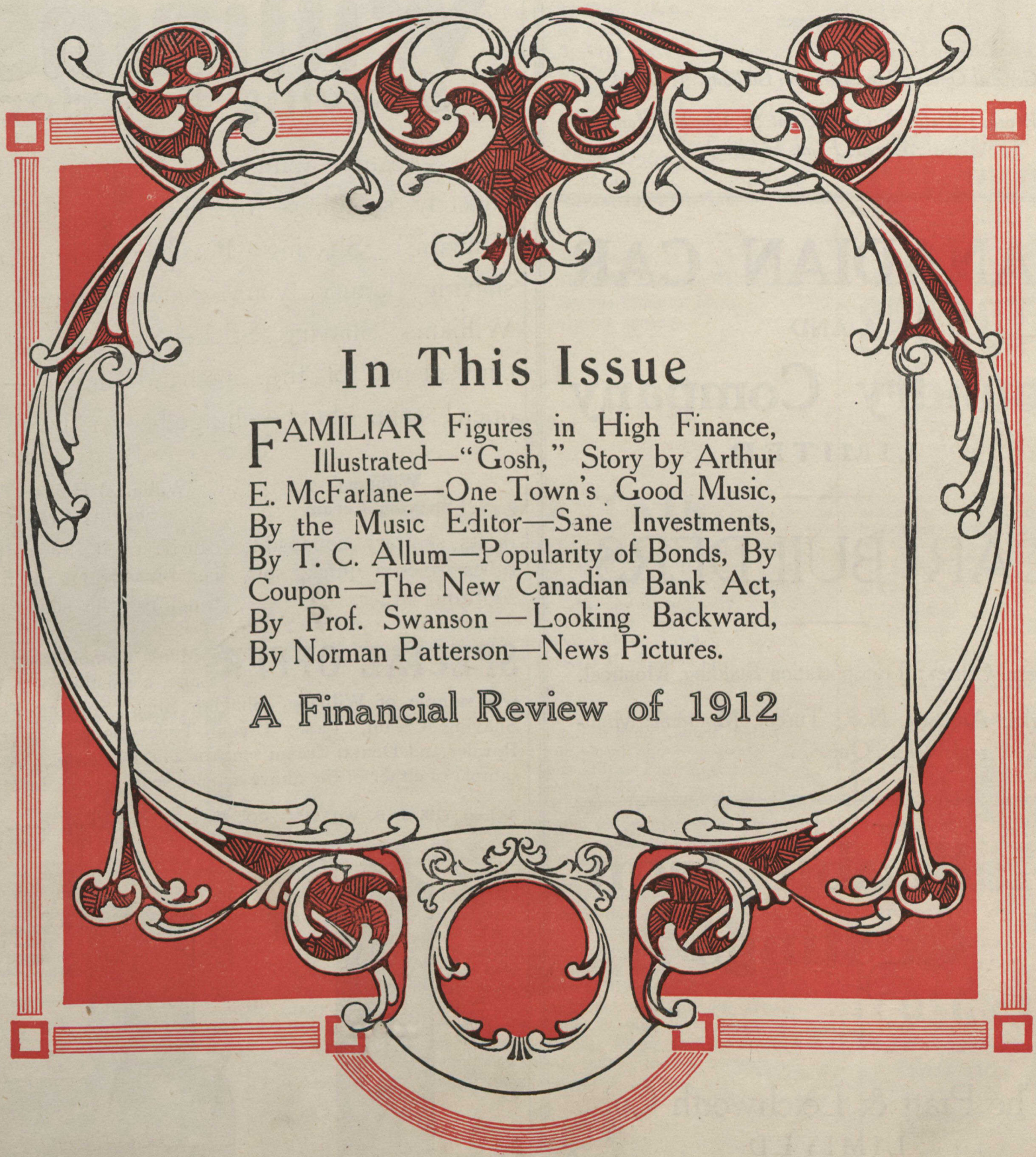


The Canadian  
**Courier**  
 THE NATIONAL WEEKLY



In This Issue

FAMILIAR Figures in High Finance,  
 Illustrated—"Gosh," Story by Arthur  
 E. McFarlane—One Town's Good Music,  
 By the Music Editor—Sane Investments,  
 By T. C. Allum—Popularity of Bonds, By  
 Coupon—The New Canadian Bank Act,  
 By Prof. Swanson—Looking Backward,  
 By Norman Patterson—News Pictures.

A Financial Review of 1912

EDITED BY JOHN A. COOPER

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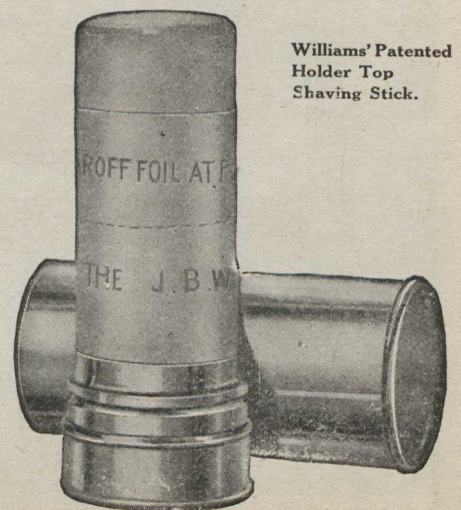
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A National Weekly

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VOL. XIII.

TORONTO

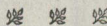
NO. 6

## CONTENTS

Familiar Financiers .....	Illustrated.
"Gosh," Story .....	By Arthur E. McFarlane.
A Town's Music .....	By the Music Editor.
A Financier Painted .....	By E. Wylly Grier.
News of a Week .....	Photographs.

### Financial Section.

Sane Investments .....	By T. C. Allum.
Popularity of Bonds .....	By Coupon.
The New Bank Act .....	By Prof. Swanson.
Trust Company Progress .....	By James Anderson.
Bulls and Bears .....	By Coupon.
Life Insurance Investment .....	By A. R. Howell.
Insurance a Necessity .....	By W. N. Grigg.
Fire Insurance in 1912 .....	By an Expert.
Life Insurance in 1912 .....	A Review.
Financial Review of 1912 .....	By Norman Patterson.



Demi-Tasse .....	Illustrated.
Dr. Aram Kalfian, Serial .....	By Effie Adelaide Rowlands.
Mediaevalism and Myself .....	By the Monocle Man.
Reflections .....	By the Editor.

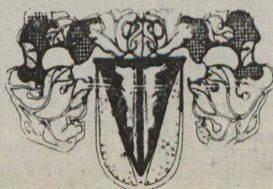


## Editor's Talk

WE are disappointed that only one or two readers have seen fit to argue against our views on the navy question. We had expected a large number of letters. Surely this is a question large enough to justify public discussion by others than editors and politicians. Is it possible that the Canadian people are so busy with their personal affairs that they have no time to give to study the biggest public questions of the day?

Several of our friends returning from the West recently have told us that the West does not "care a hang" about the navy question, that it talks nothing but wheat and real estate. Is this charge true? Do the citizens of the Prairie and of the Beyond-the-Rockies not care whether Mr. Borden and Mr. Foster decide against a Canadian navy? It would not be thus in England, the home of freedom and public discussion. Every man would have his views and be prepared to express them. Are Canadians not Britishers in this respect?

This number is mainly devoted to financial and insurance matters. All the articles in this issue on financial topics have been written especially for readers of the "Canadian Courier" and are intended to be helpful as well as informing. The writers have tried to interpret and explain the events of the year. Only a specialist may understand the "Financial Page" of a daily newspaper, but the ordinary man will find our articles simple and non-technical. We shall be glad to answer any questions, based upon these articles, where the information seems inadequate to any particular reader. Indeed, we welcome correspondence upon financial topics.



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**In Lighter Vein**

**Undressing the Chickens.**—A little slum child was enjoying his first glimpse of pastoral life.

The setting sun was gilding the grass and roses of the old-fashioned garden, and on a little stool he sat beside the farmer's wife, who was plucking a chicken.

He watched the operation gravely for some time. Then he spoke:

"Do yer take off their clothes every night, lady?"—Youth's Companion.

✻ ✻

**Absent.**—A very prominent man recently died and shortly after a friend of the family called to condole with the widow.

The caller had been a very warm friend of the deceased, and as he was about to depart he asked:

"Did Will leave you much?"

"Oh, yes, indeed," responded the widow, "nearly every night."—Harper's Bazar.

✻ ✻

**A Poser for the Court.**—A coloured woman was on trial before a magistrate, charged with inhuman treatment of her child.

Evidence was clear that the woman had severely beaten the youngster, aged some nine years, who was in court to exhibit his battered condition.

Before imposing sentence his honour asked the woman whether she had anything to say.

"Kin I ask yo' honah a question?" inquired the prisoner.

"Go ahead," said the judge, and the court room listened.

"Well, then, yo' honah, I'd like to ask yo' whether yo' was ever the parient of a puffedly wuthless culled chile?"—Burlington News.

✻ ✻

**The One and Only Time.**—"Father, did mother accept you the first time you proposed to her?"

"Yes, my dear, but since then any proposal that I have ever made she has scornfully rejected."—Detroit Free Press.

✻ ✻

**Good Business.**—"That fellow who was talking so nicely about love in a cottage must be a poet."

"No; he's a real estate dealer. He's trying to persuade me to get married and buy a semi-detached cottage on the installment plan."—Washington Herald.

✻ ✻

**A Call for Help.**—Young Pops—"Dearest, what did your father say when you told him of our engagement?"

Daphne Sweet—"Darling, it was too funny! He gulped a few times, and then turned to the parrot. 'Polly,' said he appealingly, 'please help me out!'"—Judge.

✻ ✻

**By Way of Demonstration.**—Editor (to new reporter)—"You say in this report of the fire that 'the lurid glare of forked flames shot athwart the dark-domed sky.' Are you sure of that?"

New Reporter—"Yes, sir; I saw the whole thing."

Editor—"Did you notice any insurance man looking about the place, or learn what caused the fire, or the probable amount of property destroyed?"

New Reporter—"No, sir."

Editor (striking match)—"Well, just watch the lurid glare of forked flames athwart this report!"—Liverpool Mercury.

✻ ✻

**Unexampled Courage.**—He was the small son of a bishop, and his mother was teaching him the meaning of courage.

"Supposing," she said, "there were twelve boys in one bedroom, and eleven got into bed at once, while the other knelt down to say his prayers, that boy would show true courage."

"Oh," said the young hopeful, "I know something that would be more courageous than that: Supposing there were twelve bishops in one bedroom, and one got into bed without saying his prayers!" Truth Seeker.

✻ ✻

**Cruel Admission.**—"Do you think only of me?" murmured the bride.

"Tell me that you think only of me."

"It's this way," explained the groom gently. "Now and then I have to think of the furnace, my dear."—Louisville Courier-Journal.

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The  
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*The National Weekly*



HERBERT  
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Vol. XIII.

January 11, 1913

No. 6

FAMILIAR FIGURES IN HIGH FINANCE



A MASTER OF TRACTION MERGERS.

Sir Edgar Speyer, the chairman of the Underground Electric Railway Companies of London, who is seen to the left of the picture, is the head of the well-known banking firm of Speyer Brothers. He donated £25,000 to the King Edward Hospital a short time ago. Sir Edgar married in 1902 a daughter of Count Ferdinand von Bosch.



A KING OF FINANCE AT THE SPORT OF KINGS.

Mr. Leopold de Rothschild is the third son of Baron Lionel de Rothschild. He married Mlle. Marie Perugia, the daughter of a well known Trieste family and has three sons. He is very fond of hunting and racing and is a member of the Turf, Bachelors' and Jockey Clubs.

GREAT financiers are born—but not often with silver spoons in their mouths. High finance is not necessarily a cause of the low cost of living—which was a practice much in vogue in the time of our forefathers. There are millionaires in Canada to-day who a few years ago were looking up to other millionaires. Poverty is sometimes the direct cause of a man's determination to be a financier. Most men make a virtue of poverty only by necessity.

The financial figures pictured on this page are three of the greatest in the world. One was born wealthy and got the habit by inheritance. The other two became rich by industry and great talent. Three countries are represented—England, Germany and the United States; Pierpont Morgan is the only one of the three kings of finance who has ever been in Canada. Seven or eight years ago he was here as the boon companion of the Archbishop of Canterbury; the only great financier of modern times who ever went on a tour with that historic personage. Mr. Morgan is as well known for his addiction to art as for his interest in the Archbishop of Canterbury. He has the greatest private collection of art treasures in America, and has spent several fortunes on pictures for the Metropolitan Museum



MR. J. PIERPONT MORGAN.

A recent and interesting snapshot of the big United States financier, with Mrs. Robert Bacon and her two grand-children, Mable and Elizabeth Satterlee.

in New York. In this respect he somewhat resembles Sir William Van Horne; but he does not himself paint pictures. In 1907, when the last financial flurry struck the United States, Mr. Morgan became a greater national figure than the President. There are times even in Canada when a great financier comes near to being our first citizen. But it is not yet on record that any millionaire in Canada has ever found it necessary to extricate this country from the tangles of a financial panic.

Sir Edgar Speyer knows Canada and Canadian securities well. His house takes many of our largest flotations.

There are probably more than two hundred millionaires in Canada; about a third of whom are in Montreal and about a fifth of the number in Toronto. There are several in Ottawa, probably a score in Winnipeg, a good few in Vancouver and some in Calgary and Edmonton. It also happens that in all of these places the average man is much better off than he was ten years ago, and there is as yet no such thing as a poverty class, which exists by hundreds of thousands under the shadow of the Bank of England—where we get so much of our good money for investment in Canadian enterprises.



# 'GOSH', By ARTHUR E. MCFARLANE

Illustrations by Howard Heath

IN the rolls of that metropolitan fire department he was George Wellman. In the engine house he was "Gosh." For "Gosh!" was his exclamation. And, to the ceaseless delight of the sophisticated and the really profane, he used it a hundred and fifty times a day. He was farm bred. For years he had worked as a hired man. And, in his large, confiding, and altogether likable simplicity, a hired man he had remained.

But what he did not talk about, what, with a queer outcropping of social pride, he had confided only to the captain, was the fact that for the year before he had come to the Greater City and satisfied a life's ambition by putting on the uniform as a fourth grader, he had been a member, in a Lower Lake port, of a longshore gang—a gang which specialized on coal jobs. "Specializing on coal jobs" meant that, working on a tonnage basis, with three buckets and a block and tackle, a gang such as "Gosh" had belonged to could take the coal out of any freighter under sail or steam rather faster than it had been put in by chute or automatic conveying belt. It meant working in an atmosphere so thick that an arc light could have been of use only to mark its own location. Nor, when the job was done, was there any stoker's "plunge" or "shower" awaiting.

Unsuspected by Gosh, one characteristic of the old life had stayed with him. To say it frankly, he had an exasperating inability to know when he had got all the "smoke" off. Sometimes, after a particularly thick fire, his wrists would carry waterlines for days. I say exasperating, because that company was a white-collar company in a central downtown district. And while affection for Gosh was warm and universal, "Lord, you know," explained his fellows, "he wants to get it through his nut that Number 19 is a squad that's on parade!"

What started the trouble for him was the simple, Simon-pure quality of his democracy. His attitude toward the company was that of threshing-day under the straw-carriers. To him they were all alike—"you fellers." And though Ryan and Carrol, grizzled first-graders and medal men, did not wholly like it, nobody said anything. When, however, the lieutenant, Hannan, found himself included in Gosh's freemasonry, an atmosphere was created of which Gosh himself was conscious. And it puzzled him greatly. But, seeing that every other man in "Number 19" was now hourly and ruthlessly awaiting the moment when Gosh would get his bumps, no light was vouchsafed to him.

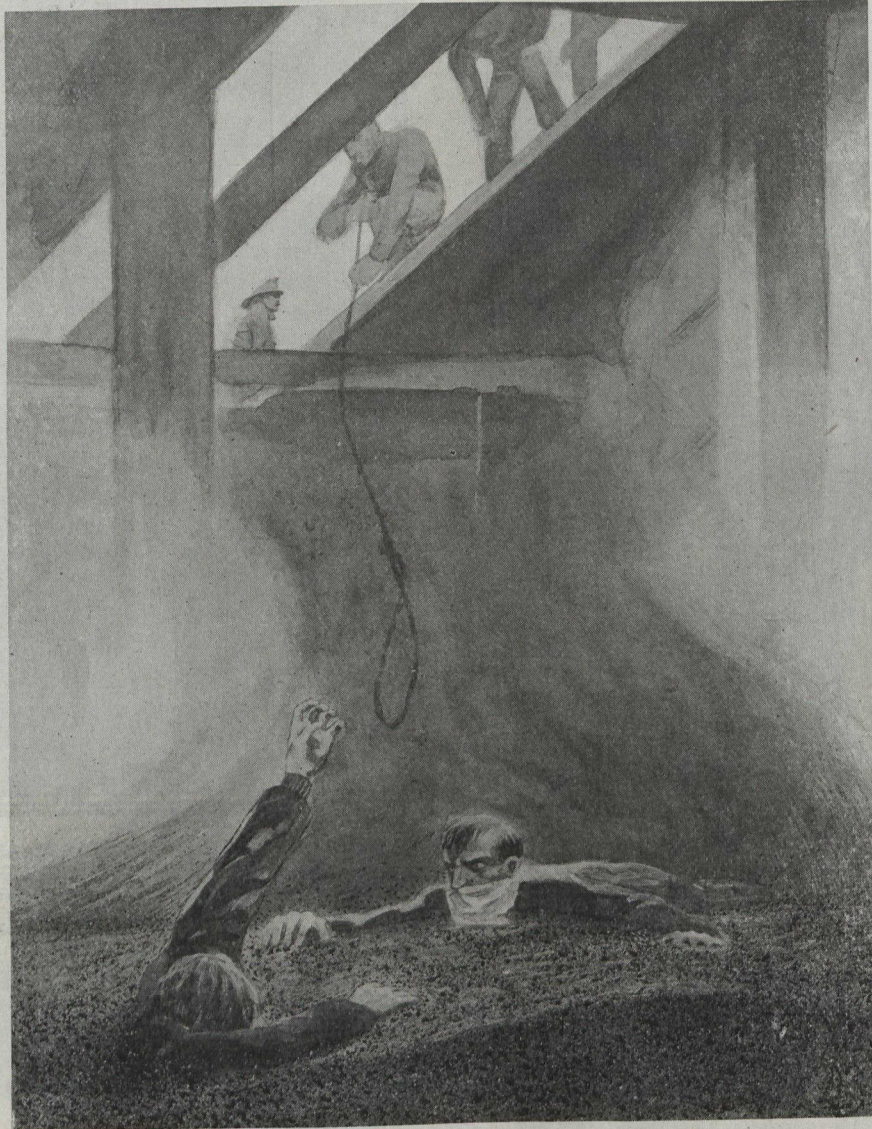
He received both two days later, when the battalion chief made his visit. The chief was closeted with the captain in the captain's upper room, when from one of his native interests Gosh had a thought. He climbed the stairs, opened the captain's door without knocking, and said, "You fellers had ought to take a look at that there Billy horse." The battalion chief, a broad, Falstaffian man, exploded. The captain exploded, too, but not in the same way. One does not like to be made a fool of in one's own house. . . . Gosh got himself downstairs breathless with astonishment. And twelve hours later he could be heard still "Goshing!" in his sleep.

IN the meantime, those twelve hours had, for the captain, been hours calculated to carry a man with an uncertain temper and little sense of humour—and such the captain was—a long distance toward dementia. Five minutes after that battalion chief had reached the next fire station, the captain was called to the telephone. "Say, Cap," came an ecstatic inquiry, "have you fellers took a look yet at that there—?" The next man got only to the "you fellers." But there were few calls that he succeeded in cutting off before they got to that. And, before the day was over he had cut off the Chief, who, needless to say, was not asking about Billy horses. Meanwhile he had been called away from every meal. He had been called up three times during the night. And by the next day the

whole engine house was in a kind of aching hysteria. Gosh himself had joined it. "Gosh," he said, "unless there was some way of keepin' from seein' the old feller, you can't do nothin' else but laugh!"

And when, for the fifth time since noon, some one had insisted that his message was for the captain alone, and the captain had once more answered—to smash the receiver back upon the hook in a fury that now seemed to gasp for breath—even as he passed Gosh on his return, Syme reached under the table and jabbed Gosh in his floating ribs. He went off at once—like a cow with a mangel in her throat.

The captain did what is supposed to be done only in comic pictures: he virtually danced about Gosh. "You great big coal-heavin' fool!" he cried, "what are you on a company like this for, anyway, I don't know!—Lord," he whimpered, "if you want to give the bunch somethin' to laugh at, supposin' you look at that for a while!"—and he showed one of Gosh's wrists. "An' that, too!"—he showed the other.



"And the next moment he had made out the captain's hand and arm."

The laughing stopped like a bunch of firecrackers quenched in ice water. The captain had not got upstairs before he would have given his silver trumpet to take it back again. But there are certain things which are, of their nature, unretractable. Gosh sat where he was, opening and closing his mouth. The colour seemed to keep working in deeper and deeper like the mark of a blow. "Aw, say now," the lieutenant broke in on the silence, "aw, that's all right now, son. H—, now, the old man was just blowin' off a little. That smoke over on Eleventh's left us all smutty as flues. I was just thinkin' I'm needin' to get to the suds myself."

"Well, I guess—I guess," said Gosh, thickly, "I'll be gettin' to them first. An' I was on a coal-heavin' job before I come down here. I had folks was needin' the money. . . . But if you fellers had give me notice that I wasn't your kind—"

"Aw, h—, now! Aw, take a throw, take a throw!" They all pawed awkwardly at him together. "Aw, go an' fight yourself!"

If, in general, the mills of the gods grind slowly, sometimes they grind at a speed to make fiction itself look foolish. The call—it was the same day—

came in on one of the auxiliary service alarms which are thick along the water front. And, as the truck swung out of the narrow cross-town street into the crowded breadth of asphalt that gave upon the pier line, driver and crew began to look for their smoke. Save for that from their own engine, there was none. But the sidewalk population had all begun to tail in one direction. And, jarring across the B. & L. tracks, truck and steamer followed. With the same leadership, they turned off down the double siding that led to the Metropolitan Fuel Company's trestle and coal pockets.

Coal pockets, or hoppers, are of various sorts; but they are all of the same general plan, that of a huge, hollow elephant's head. The loaded coal cars are backed laboriously up the slope of the trestle to where it widens and enters the shed above the succession of great steel or timbered bins below. The bin is the pocket proper, the elephant's skull. And it is covered in save for the space between the tracks, through which the cars are dumped. The only mouth or outlet is the big spout, at the end of the elephant's trunk, from which the delivery trucks are filled.

At the top of that Metropolitan trestle and just outside the first pocket, two policemen and a dozen of the company's yard men were running crazily about. At the foot of the trestle another policeman and some of the office staff were trying to keep the crowd back.

The lieutenant, with Ryan and Carrol after him, broke through and ran on up. For a moment Gosh stood uncertainly; then he, too, followed heavily after.

Evidently it was not a fire job; there was neither smoke nor flame to be seen even now. Those Metropolitan yard men—a foreign lot—were all shouting together. But the lieutenant and his truckmen could make out the central fact: some one had "gone down"—fallen into the pocket. And for those who work with hopped slack, to "go down" has its own significance.

"Why didn't you open her up below and let her out?" shouted Carrol.

"Tague an hour! Two hun'ert ton she's got!"

THE lieutenant ran to the side of the trestle and megaphoned with his hands. "Fetch a roof line!" But with the noise of the crowd and the ear-numbing pulse of the steamers, he could not make himself heard. He spat an oath and started down for it himself.

And as yet no sound whatever had come up with the dust that belched from the pocket mouth. Ryan gave up trying to make out anything in the clucking babel of Hun and Polack about him, and, flattening himself beside one of the policemen, he looked over. "Cripes! he's in all right," he said, with the queer brutality of those whose business is danger. "Did yuh see who it was?"

"Why, ain't I told you forty times?" shouted about the only American among the shovel men. "It's your boss, the captain!"

"What?"

"What you say?"

"Sure it is! It's the first thing I told you. He was over here on inspection duty. You knowed he was, yourself!"

"God!"

But both Ryan and Carrol were old men. They still waited the half minute for the lieutenant and orders.

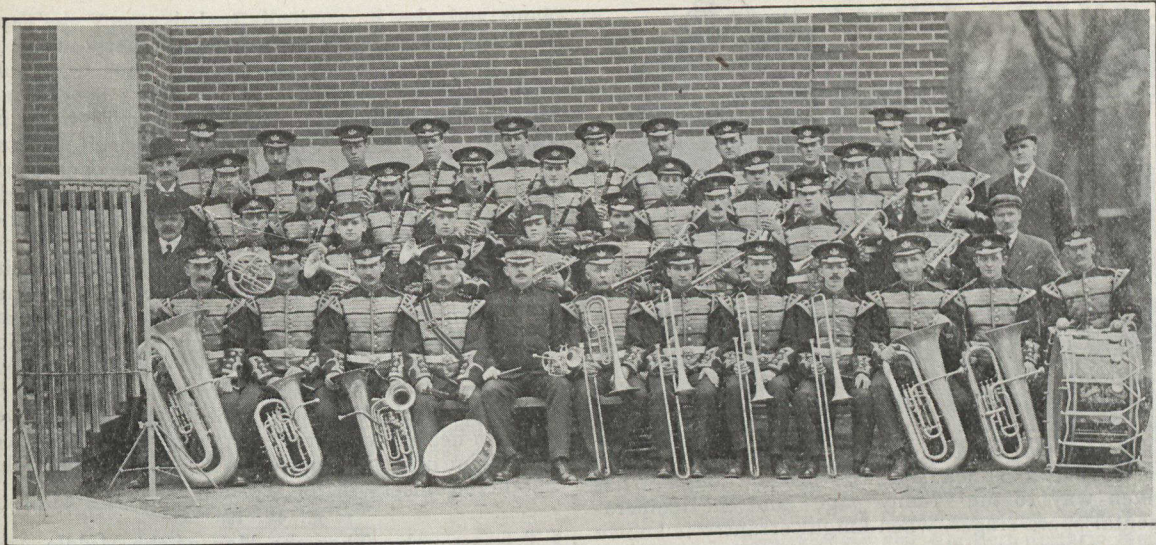
Had they been looking at Gosh, they would have seen that he was already bare-headed and coat free. "I don't know as we better wait for that rope, fellers," he said. "I reckon I know this work well enough to git to him without."

He had twitched out a green-and-yellow handkerchief. He crowded the middle of it into his mouth to get it wet, caught the damp place between his teeth, knotted the ends about his head, and went over. If he hurt himself as he came down, he did not know it. "Cap'n," he called, lifting the handkerchief for a moment—"Boss!" . . . And then to those above in the squared-off murk of light, "I can't get nothin' but his dust—even if it is his dust. 'I'll be goin' on."

Slack can best be described as soft coal dust mixed with screenings. It is so fine, it sets so

(Continued on page 32.)





A Band in a Small Town That Plays Tschaikovsky and Wagner. Complete Line-up of the Citizens' Concert Band in the Town of Preston, Ont., Conducted by Mr. John Holland.

# One Town's Good Music

By THE MUSIC EDITOR

**P**RESTON, ONT., has a citizens' band that plays Tschaikovsky and Wagner—and does it well. The Preston band has a history. It has also a very decided function and should have a brilliant future. The reason is—that it is a band with an idea.

Of course several hundred towns and small cities in Canada are indebted to a band for most of the music enjoyed by the public. If the history of Canadian music were to be written adequately, more credit must be given to the band than to any other institution. For it takes a good-sized city to support a choral society, and orchestras worth listening to are much fewer in number. Bands are legion. And there are all kinds of bands, good, bad and indifferent. Even the smallest band does the town or village it belongs to a great public service—provided the band is run by the citizens at large.

Now the Preston band is regarded by the citizens as a public institution deserving support—because it is the one form of native art produced in the town for the good of the people, by the citizens themselves; which is a good deal better than paying out a lot of good money once in a while to import music from outside. Besides, this band has played to many thousands of people in such places as the Canadian National Exhibition and Scarboro' Beach, Toronto—in competition with the best military bands from all over Canada.

This would not be possible if the Preston band played ragtime as its regular bill of fare. It is possible only because the band is able to play big, serious music well; and ragtime if it wants to. And to play big music well in a small town means a tremendous lot of trouble for some people. To begin with, the band must be of good size. The players must be of more than average standard. They must be under a capable leader. The instruments must be first-class and must be well kept. Uniforms must be bought, fine enough to look handsome in a park or on a concert platform. The Preston uniforms are as handsome as those of the Grenadier Guards. There must be regular and frequent rehearsals in a hall well suited to the purpose. There must be a series of concerts extending over several months. Music suitable to such a series of programmes must be got, no matter how difficult. The people must turn out to the concerts and pay their good money gladly to hear what gives them the highest form of art pleasure.

Now, all these things cost time, trouble, labour, organization and money. And Preston spends just those things on the band in order to get what the people need and want in good music. The band numbers thirty-five players, all residents of the town. A large number of the bandsmen are British. To get these men the manufacturers of Preston co-operate as far as possible to employ in their factories as many bandsmen as are needed, of just such kinds as the bandmaster specified. That is why in the big daily newspapers might frequently be seen such an advertisement as: "Wanted—Nickel-plate worker for stoves. Clarionet-player preferred. Apply — Works, Preston, Ont." That may not be the exact wording, but it expresses the idea. Preston makes stoves and furniture in large quantities. Hundreds of men are employed in Preston factories. Mainly from these men the band is kept up. A curious commentary on the case of late is

the fact that too much prosperity has been detrimental to the band. So many players have been working overtime in the factories that it is not easy to get fully attended rehearsals.

The band has a long history. Thirty years ago Preston began to have a brass band modelled after the great village bands in Yorkshire and Lancashire. For several years the band flourished and won many prizes at band tournaments. About ten years ago the band dwindled. The story of how it was reorganized to its present status is a chapter in united citizens' effort well worth the while of any town in Canada to emulate. In the words of a leading citizen—manager of a bank and player of a slide trombone—

"Preston by this time was a town of some two thousand odd inhabitants, and the people being of an enterprising and music-loving nature, called a public meeting to discuss ways and means of restoring the band to its former plane of efficiency. Several schemes were tried out, but proved ineffective, the instruments ultimately reverting to the town. A few musical enthusiasts got together and started a class of some twenty-five boys, using the old instruments, and by the spring of the year were able to turn out the nucleus of a fairly promising organization. Subscription lists were circulated and a fine set of silver-plated Besson instruments were procured. The band was placed in charge of Mr. J. A. Hallman. This gentleman devoted some time

to perfecting the musical end, but owing to the press of business duties resigned, and a professional conductor, Mr. W. Williams, of Belfast, Ireland, was engaged for three years. A capable conductor and good, all-round musician, he brought the band along rapidly.

"After four or five years Mr. Williams was offered a much better position in the West, and the band was placed in the hands of the present conductor, Mr. John Holland. This gentleman was skilled in the best tradition of the best North of England bands and soon proved himself the right man in the right place. In spite of many changes in the personnel of the organization, Preston now has a band of some thirty-five performers who, under the painstaking and skilful care of Mr. Holland, have made most satisfactory advances. The class of music shows a very marked improvement. The band is well supported by the citizens, and during the summer months gives weekly concerts in our beautiful little Central Park, where it is listened to with greatest interest and satisfaction by not only the citizens of Preston, but many from the surrounding towns. The support of this organization is an outstanding feature reflecting credit on the progressive and up-to-date character of the citizens of Preston. Many of the business firms contribute handsomely every year and are of material assistance in the way of securing work for desirable players.

"The band has been hard at work on its winter practice for next season's programme, and are rehearsing some music of a very high class in which all the members seem to take a deep interest."

## "The Moon of Omar"

"**T**HE MOON OF OMAR" is the name of a piano reverie fresh from the pen of the best-known Canadian composer, Clarence Lucas. Mr. Lucas has composed a large number of excellent things in many styles and moods, for piano, strings, orchestra, voice and organ. He has been twenty years away from Canada, living in New York, London and Paris. His book on "Musical Form" is one of the most popular and effective things of its kind ever written; as simple and lucid as Krehbiel's "How to Listen to Music"; both of which books should be in every well-ordered domestic library. Besides, in London some years ago, Mr. Lucas was the tutor—in theory and counterpoint, of all the Hamburg brothers.

As a composer he is the one outstanding figure from Canada. Lavallee, who might have been our best-known composer, died before he was able to achieve a life work. Mainly our musicians have been too busy to do much composing. We have lacked background and atmosphere. In other art centres Mr. Lucas has caught the inspiration to compose.

Published by Chappell & Co., Ltd., 347 Yonge St., Toronto.

## THE VIRTUOSO OF THE OPEN STRING



New Parson (having noticed that the double-bass player uses his left hand simply to support the instrument)—"I see you don't use your fingers when you play, John?"  
John—"Noa, sir; ye see there be some as twiddles their fingers when they play, an' there be some as don't, an' I be one o' they that don't."

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## Through A Monocle

### Mediaevalism and Myself

I DROPPED in to see the Editor the other day. He seemed to be very busy—I think he has his office staff trained to rush in on him breathlessly every two minutes when gullible-looking strangers are with him—but he is always willing to take a half-day off any time for the exquisite pleasure of telling me what he thinks of me. You have probably noticed this tendency in people—say, in boys when they get a bird they can torture. It shows that heredity is still struggling with civilization in us. Well, the Editor had a good time, I think, while I was there. And when at last he lighted a Christmas cigar—the kind that it is more blessed to give than to receive—as a gentle hint of what would happen me if I stayed any longer, I went. He watchfully saw me off the premises—they sometimes lose stray trifles, I understand—and, at the elevator, finished his enjoyable dissection of “yours truly” by remarking:

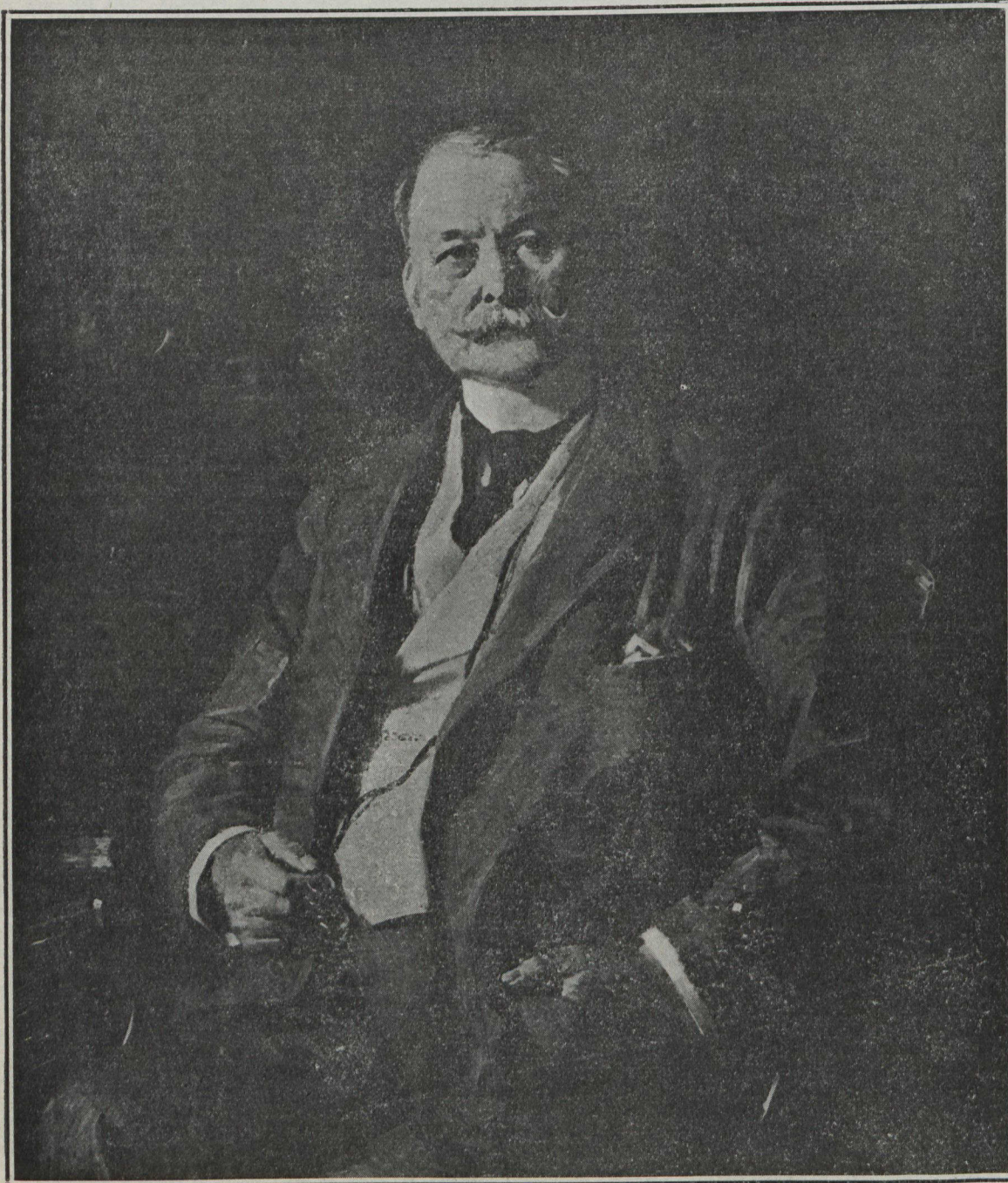
“Well, I always like to have a talk with you—it enables me to see how the people thought in the Middle Ages.”

NATURALLY, I treasured up that last “tit-bit.” It was the final word of wisdom from inspired

lips; and I felt that, if I were an alert and sagacious young man, I would strive to extract from it the wisdom which it doubtless contained. So my conversation was—Mediaeval! And, while I had remained back in the days of the portcullis and the jongleur and the knight-errant and the insane fanatics who died for the things in which they believed, the world about me had advanced into the white light of modernism when we no longer build castles but apartment houses, when the jongleur has given way to the “funny page” and the temperamental opera singer, when knight-errantry is known to be absurd and “distressed damsels” usually end in the grip of the White Slaver, and when no one is fanatical enough to believe anything worth dying for. Civilization had marched on—no, it had rolled on in a stately and stuffy “Pullman”—and I had come trudging along the highway, still crediting the realities of life and breathing deep the free airs of frankly admitted motives.

WELL, civilization is a great thing. Some cynic once said that the difference between it and barbarism is that barbarism kills a man with a club, whereas civilization does the trick with a rifle. That saying is rather obsolete now. Civilization has since invented the machine-gun and the aero-

### A Financier as He is Painted



Mr. D. R. Wilkie, President and General Manager of the Imperial Bank, lately made President of the Canadian Bankers' Association.

This is not the first attempt made by an artist to make the portrait of a man interested in art and finance. Mr. E. Wyly Grier, R.C.A., has painted hundreds of men in nearly all walks of life. When he undertook lately to do the general manager of the Imperial Bank he discovered a few more possibilities in painting a man of the world. The picture was exhibited last month at the Royal Canadian Academy in Ottawa.

plane and the hermetically-sealed street car, and the dusty shop with a thousand customers—most of them with contagious diseases. The poor old Mediaevalist lived a dull life. It was so difficult for him, for example, to change his address. If he wanted to go from London to Edinburgh, he had to spend days tooling along through the open country with the cool air on his cheek, and the bright verdure of the countryside tantalizing his eyes; and, at night, he climbed down, stiff and hungry, from the top of his coach to enter a low inn parlour with old oak furniture and a sanded floor and a heaped log fire in the roaring fire-place, and there he ate an enormous meal, washed down by waters which no one but the Dickens Society ever speaks of now, and stories went round the circle before the fire, and he tumbled off sleepily to bed at last, with never a steam-heated, cast-iron mattress of cushions beneath him nor a car-porter to wake him out of his smothered misery in the morning.

IT was tough. Then the Man of the Middle Ages had such crude moral ideas. I think that was what the Editor had in mind when he attached the label to me. If the Mediaeval gentleman wanted anything, he went and took it, if he were big enough. Now, that was no way to act. Think of holding up an honest merchant at a ford and taking a part of his goods from him. They were not the Mediaeval knight's goods. Yet, just because he had a lance and a charger and a coat of mail, he took them. Civilization does things much more delicately. The “gentry” of our day get a law passed by which the merchants are taxed to pay for the upkeep of a number of officials who await them at the “fords,” and take from them with due ceremony a part of their goods. It is much more genteel; and the “gentry” get more out of it, too, as a rule. In addition, it does not take up their time. They do not have to wait at the fords themselves—these officers, paid by the merchants, do the waiting for the “gentry.” We have long ago left far behind us the crude and brutal law that “might is right.” Our “gentry” have given up the “strong arm” business—partly because they no longer possess the “strong arm.” They go in for the “strong brain” method now. They fleece the weak-brained brethren just as their forefathers fleeced the weak-armed and the unarmed brethren; and they do it much better. They never kill anybody in cold blood now—they merely starve them to death, and inflict hideous diseases upon them, and grind them in the heartless wheels of industry. They never ravish any village maidens now—they merely tempt them to the cities, pay them three dollars a week when living costs six, and let economic law do the rest. Possibly their sons—if they happen to be “sowing wild oats” just then—assist economic law.

OH, we live in an age of progress. The bad old Middle Ages—when I should have lived—are dead, buried and condemned. In those times, nations went out to war and seized the territory of their victims—robbed the prostrate. We would not dream of that now—we who are enlightened by “Norman Angell” and inspired by Andrew Carnegie, the Hero of Homestead. When Germany occupies Alsace and Lorraine, she gives it back with a courteous apology. When Japan over-runs Korea, she invites the Koreans to choose their own form of government. When Britain marches to Pretoria, she sends for President Kruger and reinstates him with great ceremony. When France arrives at Fez, she retires gracefully in favour of the Sultan. When Italy conducts missionary operations in Tripoli, she is very careful to make it clear that she would not accept an inch of territory even as a souvenir. When the Balkan Allies meet the Turks in London, it is a case of “after you, my dear Alphonse,” each striving to be the first to give back to the Ottoman Government any provinces they may have thoughtlessly invaded. Holy Russia would not take Persia to-day, even if she got it as a gift. As for the United States—that most modern of modern nations where civilization and Christianity go hand in hand—it returned the Philippines and Porto Rico to Spain, kindly refused Panama as a Christmas present from Colombia, and insists that Cuba shall not dream of taking orders from Washington. Yet here am I, moving about among the sainted people of this beatific century, with all these examples of unselfishness and benevolence before my eyes, and yet retaining the spirit of the Middle Ages. They ought to put me in a museum.

THE MONOCLE MAN.

Intellectually a man of the world; enjoying life day in and day out, just as it is; for professional reasons a critic delighting in paradoxes in order that he may point out what a delightfully wicked world we inhabit nowadays: such is a certain type of very practical inconsistency.

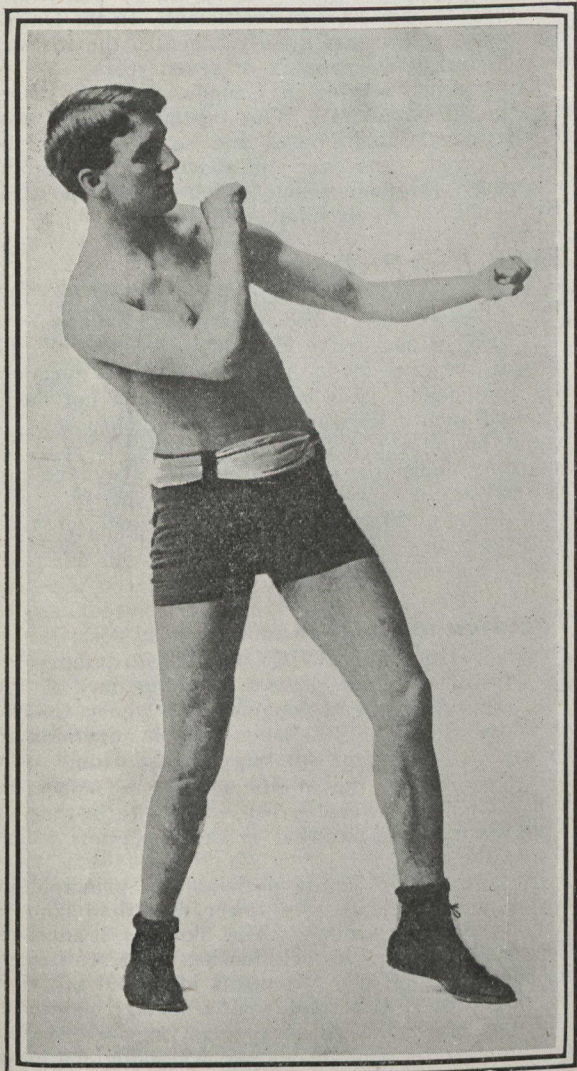


**The Youngest Stock Exchange in Canada**

(See picture on page 20.)

There are four stock exchanges in Canada: Montreal, Toronto, Winnipeg and Vancouver. The youngest is Vancouver, organized in 1907, the year of tight money. The membership in that year was twelve. Two years later the number of members was twenty. It is now thirty-five. The president of the exchange is Mr. G. Ivor Gwynn, of the firm Waghorn, Gwynn & Co.; vice-president, R. B. Ellis; hon. treasurer, A. E. Austin; hon. secretary, A. N. Wolverton, with three other members of executive. The illustration herewith gives some idea of the necessary rough and ready methods that originated the exchange in 1907 in rented temporary premises. The exchange is soon to have a new building of its own on premises in the business section of Vancouver, and may be expected to continue growing along the same, constructive and ambitious lines that started it off in 1907.

**LIGHT WEIGHT CHAMPION OF THE WORLD**



**FREDDIE WELSH.**

On December 16 at the National Sporting Club in London, Freddie Welsh (Great Britain) defeated Hughie Mehegan (Australia), thereby winning the Lightweight Championship of the World, a Purse of £1,000 and a Gold Belt. The Match Was a Twenty-round Contest and Was Won on Points.

**Sir Edmund on 1913**

SIR EDMUND WALKER, president of the Canadian Bank of Commerce, says that "there is no doubt that money will cost more to obtain this year than last." He warns borrowers that they must be prepared to pay more for accommodation. The cost of living of lenders has gone up with the cost of living of borrowers, and the lenders demand a higher return. "Money is a commodity just as necessary as food and clothing, yet its price has not advanced in proportion to others." But that advance is now due, says Sir Edmund.

"The best cure for the present stringency," he says, "is a period of economy, public and private." This is good advice, but it is hard to get people to take advice. Take Toronto for example. The city treasurer tried to sell six million dollars of debentures last summer and failed. Nevertheless, the people voted on January 1st to spend thirteen millions more. It is estimated that during the next three years Toronto will spend seven million dollars in hotels alone. The civic and private expenditures already in sight easily total one hundred millions. It is the same in other cities. Canada may pay more for its money, but it certainly has no present intention of being economical.

**SOME RECENT NEWS ILLUSTRATED**



**FIRST REGULAR TRAIN OVER NATIONAL TRANSCONTINENTAL RAILWAY.**

On January 2 the First Wheat Train Over the N.T. Ry. Reached Port Colborne. The Train Was Made Up of Twenty Cars and Contained About 6,000 Tons of Grain. At Cochrane the Train Was Switched to the Temiskaming and Northern Ontario Metals, and at North Bay Junction Was Run Onto the Grand Trunk Line. The Grain, Which Was Ground Into Flour by the Maple Leaf Milling Co. at Port Colborne, Started for St. John on January 3 When the Train Left the Yards for That Port.



**THE LATE AMBASSADOR, WHITELOW REID.**

The Remains Passing Through London on Way to Natal, the British Warship That Conveyed the Body to United States, Where She Arrived on Jan. 4, Dropping Anchor in the Hudson Early in the Day. The Body Was Then Taken to Cathedral of St. John the Divine.



**GROUP AT OPENING OF WINNIPEG'S NEW ART GALLERY.**

Left to Right, Top Row: Chas. F. Roland, Commissioner, Winnipeg Industrial Bureau; James McDiarmid (Chairman) and Geo. Wilson, Members of the Art Committee of the Winnipeg Industrial Bureau. Bottom Row: F. C. Challoner, R.C.A.; Homer Watson, R.C.A., Doon, Ont.; Maurice Cullen, R.C.A., Montreal, and W. J. Bulman, President, Winnipeg Industrial Bureau.



# REFLECTIONS

By THE EDITOR

## Commission Government.

CANADIAN cities are working slowly but surely to some kind of commission government. St. John and Lethbridge have adopted the Des Moines charter, an elective commission without a board of aldermen, coupled with the referendum and recall. Regina, Calgary, Moose Jaw and Edmonton have a compromise system, a yearly elected council and two permanent commissioners. Montreal sticks to the old form of a "Board of Control," but elects it for four years. The Board of Control thus becomes an elective commission. London has just adopted the two-year term for aldermen and a two-year term for controllers. One-half of the aldermen and one-half of the controllers are to be elected each year.

Toronto, Ottawa and Hamilton will probably follow London's example in the near future. The yearly election in large cities seriously interferes with efficiency. The yearly elected alderman and controller becomes a mere vote-gatherer. He has not time nor opportunity to initiate and pursue a continuous and effective business policy. Such a system is all right for towns and villages, but it is vicious in large cities.

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## Are We a Warlike People?

CANADIANS are not a warlike people. They are gentle as lambs. They would not enlist in a navy. At least, so say certain of our leading statesmen.

Yet there is something about the Canadian people which makes me doubt these statements. For example, I am quite positive that seventy-five per cent. of our young men were greatly interested in the contest at Los Angeles between McCarty, the new "White Hope," and Al. Palzer. I believe that most of them read at least one account of the contest, and I have not heard that any of them fainted away when they read the following paragraph:

"Palzer's eyes were almost closed, his mouth, nose, cheek and ears cut, and he presented a bloody and battered appearance. Only his capacity for standing punishment saved him from being knocked out, for McCarty landed on his jaw repeatedly."

A few nights ago I went to see a professional hockey match. I didn't see many people shudder when one player got a nasty cut in the lip or when another got "bumped" so hard that he had to retire for a rest. Even when a player deliberately skated over to a prostrate enemy and laid his scalp open with a blow from his hockey stick, no one fainted. There was a little excitement, of course, but few of the thousands present left the arena.

Again, is there anything more popular in this country than a hard-fought football match or lacrosse game? Do either the young men or the young women who go to these games show any dislike of the supreme physical contests which such games involve?

It may be quite right to say that Canadians are for peace and not for war. I hope it is true. Nevertheless I am quite prepared to believe that if Canada was ever forced into a conflict, her sons would give as good an account of themselves as any other set of sons the world over. They did in 1885, although the Rebellion was a fairly simple proposition. They did during the Boer War, when many young men shed tears of regret that they were unable to get into the ranks.

As for a Canadian navy, I believe if it were made popular and thoroughly national, there would be little difficulty in getting recruits. But to be popular, such a navy must be favoured by all classes of the community. A Canadian navy which is supported by one political party only, is not likely to be a success. That is why the CANADIAN COURIER has advocated a non-partisan settlement of the navy problem.

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## Some Charges Answered.

TWO correspondents have criticized the CANADIAN COURIER's attitude on certain points in the navy. A Toronto reader says: "You know that all those who vote for or try to sustain the Laurier Opposition are anti-British." In the letter from the other, sent from Winnipeg, there is the same attempt to beg the issue by charging that criticism of the Borden navy means disloyalty. Let me answer this by saying, again, that the

CANADIAN COURIER is not opposed to Mr. Borden's gift of Dreadnoughts, nor opposed to these ships being built in Great Britain. Surely that is a clear statement.

Again, a criticism of Mr. Borden's policy should not be considered a boost for Sir Wilfrid Laurier's policy. Surely it is conceivable that even a good Conservative could criticize some phases of the Borden policy without being termed disloyal. Surely the Borden Government is willing to have free speech retained a little while longer in this part of the British Empire.

Finally, I resent the charge, wherever it may originate, whether in the House of Commons or in any lodge room, that the Liberal party or their leaders are disloyal. This is a low, mean, cowardly charge against some of the best citizens of Canada, which should not be made by any respectable citizen.

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## And Also Some Questions.

A correspondent in New Westminster asks:

"How many Canadian sailors have been on those toys, the Niobe and Rainbow, and how many are on them now? Will the Editor disclose? The Egeria was brought to Vancouver eighteen months ago as a training ship. Will the Editor inform us how many boys have presented themselves for training and how the movement has been supported?"

It is a pleasure to be asked to answer these questions. Frankly, I do not know, and frankly I am not interested. If it will please my friend, I am prepared to admit the service is unpopular and unattractive.

Let me tell a little story of my own. I was "brought up" in a small town in Western Ontario. In that town there was a company of militia, with a captain, two lieutenants, one or two sergeants and three or four privates. I was taught by my parents and by the general sentiment of all the other Methodists in the town that if I joined that company of militia I would become a drunkard and die in prison. Being a good boy and somewhat inclined to be religious, I did not join that company. Some years afterwards, at the University of Toronto, I changed my mind about the militia and I joined old "K" Company of the Queen's Own Rifles. After that I served nineteen years in the militia. In short, service in the militia was unpopular in my native town and it was popular in the city of Toronto.

When the Canadian navy is supported by both political parties and when the country generally



MR. ALFRED WRIGHT,  
Toronto, Manager for Canada of London and Lancashire Fire Insurance Company, of Liverpool, England. He is Secretary of the Mercantile Ins. Co. and a director of the Quebec Fire Ins. Co., both of which are controlled by the London and Lancashire. Also President London and Lancashire Guarantee and Accident Co., and Past President of Canadian Fire Underwriters' Association.

approves of naval service, there will be no dearth of recruits. Until there is a non-partisan settlement of the navy question there can be no popularity for the *Niobe*, the *Rainbow* and the *Egeria*. Hence the CANADIAN COURIER has argued continuously for a non-partisan settlement of this question. For the same reason, a petition in favour of a non-partisan naval policy was signed by three hundred fairly prominent citizens and sent to Premier Borden and Sir Wilfrid Laurier, last autumn.

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## Civil Service Reform.

EVERY person is delighted that Sir George Murray, the English expert brought over by the Dominion Government, has recommended that the outside civil service should be brought under the Civil Service Commission. The politicians have been delaying this reform, but it is sure to come.

Mr. James Lawlor, secretary of the Canadian Forestry Association, says that there can be no effective fire-ranging until the 2,000 fire-rangers are chosen by a commission instead of by politicians. The rangers of to-day are inefficient. In the United States this reform has greatly benefited the forestry service during the past six or seven years.

Every other service in Canada would be benefited in the same way. Our customs houses, post offices, canals, lighthouses and so on would be better served. And over and above all this abominable party patronage system which saps our political life would be largely eliminated.

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## The British Preference.

SOME rumours from Ottawa indicate that the Liberals may introduce a measure looking to an increase in the British preference. If the Liberal party has made up its mind on this question, well and good. If it has not, it should not bring forward such a measure for political purposes. It would be peanut politics. The Liberals may be smarting under the imputation that they are not as loyal as the Tories, but such a movement would avail them nothing. Time and the good sense of the people may be trusted to decide all questions of loyalty and disloyalty.

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## Taxation in Ontario.

SIR JAMES WHITNEY has decided that Ontario is not, at present, to adopt any of the new-fangled taxation ideas of Henry George or Lloyd George. Sir James has an aversion to Georges. He fought so long against Hon. (now Sir) George Ross that the name does not appeal to him. The only exception he will make is that of King George V., but that is the exception which proves the rule.

In spite of Sir James' decision, the principle of taxing improvements at a lower rate than land is steadily gaining ground. The Toronto branch of the Manufacturers' Association has since reaffirmed its belief in that idea. It wants increased taxation on unimproved land and real property generally. The tax-payers of Toronto voted on the question on January 1st and by an overwhelming majority decided in favour of it.

There is this to be said for Sir James: He believes that the present Assessment Act, if properly interpreted, would enable municipalities to accomplish what they most desire. He has promised to send out instructions to assessment commissioners which, he thinks, will bring about part of the reform desired.

There is no doubt, also, that something should be done to curb the municipal extravagance of the larger cities of the province. As has been pointed out, several times recently on this page, the cities have been able to raise the necessary revenue only by abnormal increases in their assessments. The consequence is that central property in Ottawa and Toronto has become so valuable that owners are able to get rentals which pay them not more than two per cent. on their investment. This state of affairs cannot continue. The assessment in Toronto and Ottawa has reached the limit, and both cities are face to face with a higher tax rate. When that comes the trouble will begin and a lot of people who now count themselves rich are likely to find that their reputed wealth has shrunk considerably. There are some real estate owners now driving automobiles who will likely find that automobiling is not as great a pleasure as they thought it was and they will go back to their old habit of riding on the street cars.

Improvement in methods of taxation is a question of economy. It is one form of economy. But people should not forget there are others. When tax reform comes it will be only one small element making for economy. The other elements must not be overlooked.



# A FINANCIAL REVIEW OF 1912

## Sane Investments

*Some Good Advice and a Little Criticism*

By T. C. ALLUM

ONE must approach the topic of "Sane Investments" with his hat in his hand. Only a sane person *should* write upon it, and I doubt if a really, genuinely sane person would do so. There is, of course, a bare possibility that he might be sane and yet dishonest, and chose his topic as a means to advertise his wares. This consideration removes us from the field of economics into that of ethics or philosophy; because it might with reasonable accuracy be argued that no sane man is dishonest. Then we would be getting into the field of the alienist and the policeman and find ourselves face to face with the burden of passing judgment on the majority of our fellows.

On the whole, it would seem the part of discretion to confine the discourse to the realms of economics and write wisely of sane investments.

I should say, then, that permanency was the prime consideration in investment, and that it is this which in the main distinguishes it from speculation. The reader, however, must not suppose that the terms themselves are so used by those who use them. On the contrary, when the client asks his broker what stock he would recommend as a safe investment, nine times out of ten the anxious enquirer is not looking for an investment at all. Like the rest of us—he is just looking for easy money. He wants a stock which is selling low, in the hope that by entering into possession of it for a short period he may derive a profit and flit along to the next honey flower. He really is not in the least concerned with investment as distinguished from speculation. In fact, if there is one thing more than another he does not want, it is investment—because investment related to the more permanent characteristics of commerce and industry, and what he wants is a quick turn and a profit, especially a profit.

THIS, perhaps, is the most dangerous phase of the present development—I mean this fact, that if there is one thing more than another we do not want it is to get landed with a stock which is "slow," even though it is "safe" and gives a good interest return. We want a rise in price and we want a good rise and we want it fast.

Now, that is speculation, pure and simple. It is none too sane, but nothing else will satisfy us. It is the spirit of the age.

If I knew of a sane investment and I offered it to you you would order me out of the office. A few years ago it seemed as though British Consols were a sane investment. Unquestionably the rate of interest will be met promptly and the principal is absolutely safe. But the question is, was British Consols a safe or sane investment? It doesn't look like it. If they go on a little longer as they have been going on, your wife will get them as premiums with a packet of Good Cheer Tea.

Do you wonder why this is?

Well, I can offer some reasons for it. The principal reason is that our whole system of economics is at fault. It is at fault and unsound, and, being so, gives undue importance to the temporary aspect. "After us the deluge," we say, and so bound up are we with the idea of temporary advantage that the deluge is upon us before the plans of our ark have even been given due consideration.

If the broker were to tell his client that the greater bulk of the stocks issued in the United States and Canada this century are based upon nothing more permanent than a majority vote, I

venture if he would sell many stocks. Majority votes, as we have seen lately, are exceedingly fickle and are one way to-day and another way to-morrow. An anti-high-tariff party may be elected in Canada a few years hence, just as it has been elected in the United States. What, then, of the millions of common stocks which have been issued because of the extra earnings hoped for by the promoters?

The answer is at hand. Take up the Wall Street stock exchange quotations of a year or so ago and compare them with those of to-day. Read the Wall Street reports from day to day from now till the tariff revision is completed next spring, and after the gas has been let out of the bag figure up how many millions of dollars the decline in price represents. Apply the reasoning to what is taking place in Canada and then recommend to me a "sane



MR. GEO. A. MORROW,

Who has come fast in the financial field. He is vice-president of the Dominion Securities Corporation, a director of Central Canada Loan, Imperial Life, Canada Steel and several other large Corporations.

investment." I think you will begin to appreciate the after-us-the-deluge spirit which is responsible for the lack of permanency in our economic system.

Then consider the trend of matters in other directions. The public sentiment towards the limitation of freight rates, the lowering of electric lighting and public service rates generally, and the disposition towards a constant increase in the proportion of the earnings from public utility corporations due to the public and the corresponding reduction in the portion remaining for the company, and I think you must agree that the "watered stock" is in danger all the way round. By watered stock I of course mean the stock which was created on the basis of the earnings, actual or prospective, arising out of the special privileges of one nature and another which were created by vote and which, when the evil is understood, will die by the vote.

WHEN looking for a sane investment, the question becomes whether you should pass the common stock, as a class, by. The answer is that if

you do you will pass by the stock which has made all the big fortunes. On the other hand, it has lost all the big fortunes. Now, what are you going to do about it?

Suppose, now, considering the changeability of the basis of the great bulk of common stocks, you turn to bonds as representing actuality, as being the basis of the investment and a substantial element in the way of buildings and machinery, and which alone are requisite for the operation of the business. How would it do to call bonds a sane investment?

The answer to that is to take up a list of quotations of bonds for the year 1900 and see how this would compare with values of to-day. Would your sane investment have been a sane investment? I am of the opinion that you will find most of the bonds would show the purchaser of 1900 a loss if sold to-day. I have not made the comparison, but I think this would be the case; and the reason it would be the case is largely that common stock has shown such a big advance. That is, the reward to the speculative issues has been so great that the actual basis, though ever associated with the more permanent industrial element, has been forced to a discount.

I would argue from this that the situation will later be reversed again, and that stocks will decline and bonds advance as soon as the vote is changed and the public really awakes to a realization of what they are contributing through special privileges of all kinds. In fact, the change may not even have to wait on the vote; because once the future of the great bulk of the common stocks gives evidence of having been discounted and the high-point of earnings under even the false situation have been reached, the common stock will fall back because of its dangerous position, buyers' money will again go into bonds, and this will again force up the price.

Meantime, it seems to me that the best and most satisfactory class of security is the preferred stock. This gives a better return than the bond, and under rising interest is rather more secure from this standpoint. On the other hand, it frequently has an actual basis in investment in plant and, being a preferred stock, is not subjected to such an extent as the common to the vagaries of the vote.

Well, if the discussion has done nothing else, it should have assisted to a grasp of the factors underlying the three different classes of securities.

### THIS NUMBER.

This Financial Review of 1912 is The Canadian Courier's first attempt to supply its readers with complete financial information. Heretofore, this kind of news was given only in the financial papers to which the general public has not access.

It is proposed to issue a quarterly review similar to this one. These quarterly financial supplements will appear about April 1, July 1 and October 1. But these will not in any way lessen the amount of financial news to be given each week under the heading, "Money and Magnates."



# Growing Popularity of Bonds

## Brief Review of Bond Market

By COUPON

NINETEEN HUNDRED AND TWELVE has been a great year for Canadian bonds. The market has broadened out in a remarkable manner. Millions of new issues have been brought out and the readiness with which they have been absorbed has been a matter of great surprise not only to bankers but to bond dealers themselves. Canada enjoys the reputation of being the country which has the greatest wealth per capita of any country in the world, and the readiness with which small investors are now buying bonds makes it look as though within a comparatively few years Canada will also enjoy the reputation of possessing one of the richest bond markets. Like every previous year, 1912 has had its notable features, the most important among them being the entrance of the small bond buyer as a real factor in the market.

### SMALL BOND BUYER BECOMES A FACTOR.

UP to a year or so ago it was practically impossible for the small investor to purchase bonds owing to the large denominations in which they were issued, with the result that bonds had the reputation of being only a rich man's investment. The rapid increase in the number of new bond issues and the competition brought about by the entrance into the field of dozens of new bond houses has resulted in a complete change in this situation, and now perhaps the year 1912 will easily be known as the year that brought about the great development in bonds of small denominations of \$100. The introduction of the periodical payment plan enables the investor, no matter how limited his means may be, to purchase a bond by making a small payment at the outset and then gradually making up the balance out of his savings. It has taken a considerable time to educate the average investor in the country as to the attractiveness of bond buying, but some of the larger bond houses both in Montreal and Toronto have spent large sums of money in educational campaigns and these have been steadily bringing larger returns.

### EXCHANGE SYSTEM POPULAR.

ANOTHER development which has been one of the means of making such a big bond market during the entire course of the year has been the system of exchange introduced by many houses. This is worked out in somewhat the following way: Bond salesmen who are calling on clients find out what a bond investor may have among his holdings, and usually comes across a great many bonds for which there is a very ready market. This enables him, when he has a new issue, to make a proposition to the investor to give him either the market or a little above the current market price for some of his older bonds which have appreciated considerably in value since the time they were purchased and to give him in exchange a block of the new issue which his house is just bringing out. The average bond buyer, once he has purchased a bond, never looks at it again, and this system of exchange permits of his making oft-times a substantial profit, so that it is usually very readily followed. In the same way the house that negotiates the exchange finds it a very convenient way, as almost without exception there is a ready market on one of the stock exchanges for the older bonds which have been taken in exchange, and at the same time a customer is found for a block of the new securities which, after all, is the very thing that the house is most anxious to get at the time.

### GOVERNMENT REGULATION NECESSARY.

TO any student of the bond market as it has been growing the question naturally arises—has Canada been sufficiently careful about the kind of bond issues it has been standing for? With the character of quite a few of the issues which have been made during the year 1912 it really looks as though the government should have some means of protecting the investors of the country and insist on certain safeguards before a bond issue can be made. It would not be going a bit too far to say that there are a number of bond issues which have been made, in fact more than one generally would expect, that in the real sense of the word should never have been bond issues at all. It would have been very much better had the interests behind many of these issues recognized that the capitalization of their companies should have represented a class of stock only, and not bonds, as the character

of the security or assets behind the so-called bond issues were not of a nature to permit of a bond issue being made at all. Promotions, however, have been coming so fast that some interests could see that there was a very much readier market for bonds than there would be for stocks, and, in this way, it would be easier for them to secure the necessary money for the different enterprises. This market condition, more than the nature of the proposition, has resulted in the creation of a number of issues that have been brought out during the course of the year. Of course, it is naturally difficult for a small investor in the country to be able to size up such situations, and, this being the case, it would seem to be all the more necessary for some government regulation as a matter of protection to the thousands of investors now in the country.

### WORD BOND SHOULD MEAN SOMETHING.

THE word "Bond" to the average investor means a high-grade investment, which is absolutely secured by assets which will always bring the face value of the bond. It would seem not to be

asking too much for the government to have some regulation which would provide for it being necessary for every company that issues bonds to show such a condition and also see that the assets as included behind the bond have not only been appraised along conservative lines but also that it would come pretty near the figure that would be secured, if the company, following on bad times, had to pass its bond interest and turn over its affairs for the benefit of the bondholder. Considering the very large number of new enterprises that have been created during the year, it can be said that a number of issues of this kind is reasonably small, but, at the same time, they have also been too large. It would seem to be good business on the part of the bond houses which are trying to build up a permanent connection in the country to see that every issue they bring out is one behind which they can stand at any time and have their salesmen continually go back to call on the same men to whom they have sold various issues.

There is every indication that the bond market of the country will go on increasing very rapidly for many years to come. The evolution that the country is going through at the present time, in passing from small, privately-owned manufacturing concerns to tremendous enterprises, will result in new bond issues coming out all the time, more especially as the chartered banks of Canada are now insisting that the larger enterprises of the country should arrange their financing through bond or stock issues rather than large loans.

# Where Bulls and Bears Wrestle

## The Canadian Stock Market in 1912

By COUPON

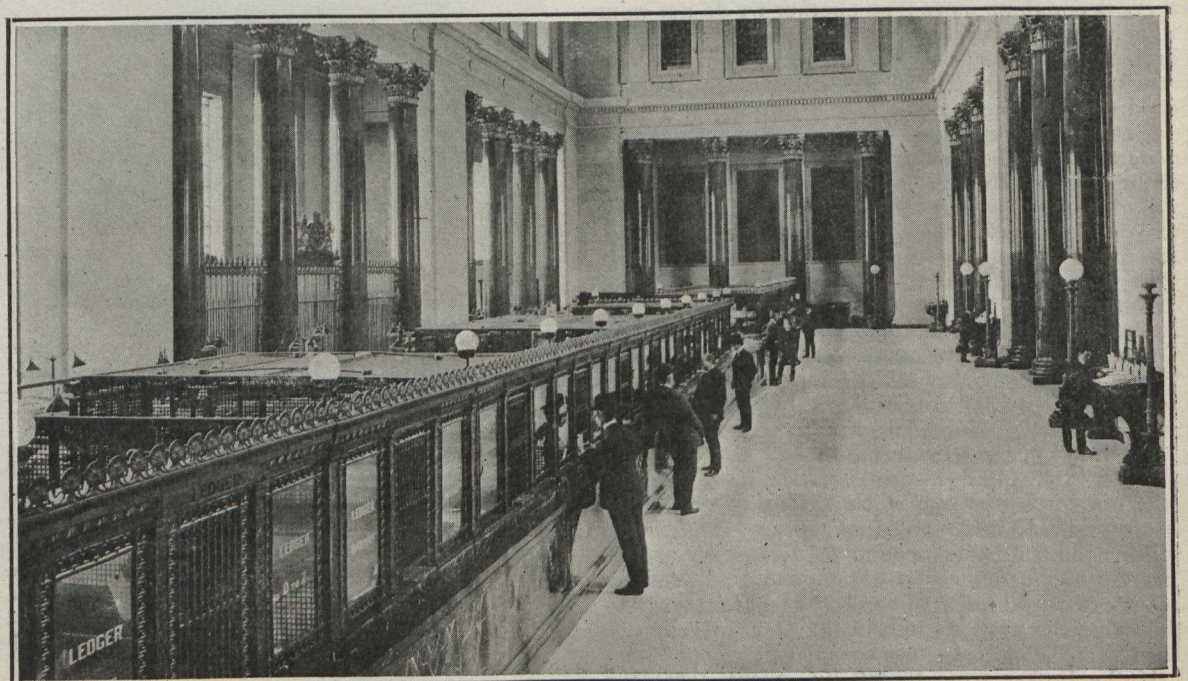
CANADIAN stock markets are dependent to such a degree on London that a word in this connection is necessary. Their dependence was indicated in a special manner in the fall of 1912, after the outbreak of the Balkan war. Canada was only in a very slight degree interested in the development or outcome of that war, but the stock markets in the closing months of the year felt its effect as keenly as the London exchange and the continental bourses. The reason for this is that the possibility of a greater European war tightened the strings of London's money bags, checked the flow of funds for investment in Canadian municipal and industrial bonds and other securities, and caused a world-wide feeling of uneasiness by reason of the fact that London bankers are known to have exceptionally accurate information regarding the movements and designs of every chancellery in Europe. The financial supremacy of London was never so successfully demonstrated as since the opening of the Balkan war.

On the other hand, Canada's growing independence of Wall Street was evidenced on several occasions during the year and is the first feature of

stock market activities in 1912 to which attention must be drawn. The Canadian stock market is dependent upon Wall Street only to the extent to which Wall Street is dependent upon the Royal Exchange. In other words, the United States and Canada are both governed to a large extent by conditions prevailing in London. On holidays, when the English and continental exchanges are closed, the stock exchanges of Toronto and Montreal look for guidance to some degree to New York; but this is for the reason that the great Wall Street houses, on account of the magnitude of their transactions, are compelled to keep in cable communication with their London and European advisers, and are likely to be informed of any important changes in the situation on days when these changes cannot be revealed by the market movements. The Canadian stock markets are dependent on Wall Street only in so far as Wall Street is in somewhat closer touch with the old world markets.

THE broadening of the market is the feature of the situation in 1912 which has been the subject of most comment. Not only has the number of speculators greatly increased, but the volume of

### MAIN CORRIDOR OF THE HEAD OFFICE, BANK OF MONTREAL



The Bank of Montreal is the most imposing bank edifice in Canada. On St. James St., opposite Place D'Armes Square, it stands exactly in the centre of Montreal's financial district. Its history is the history of Canada in Finance.



# The Canadian Bank of Commerce

Head Office - Toronto

Paid-up Capital, \$15,000,000. Rest, \$12,500,000.

## BOARD OF DIRECTORS

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HEAD OFFICE BUILDING

It will be interesting to note by the comparison below of the principal items of the Balance Sheet at the present day with the figures of a year ago, the growth of The Canadian Bank of Commerce during the past twelve months :

	1911	1912
Paid-up Capital	11,697,275	15,000,000
Reserve Fund	9,757,820	12,500,000
Notes in Circulation	12,004,649	16,422,864
Deposits	145,965,734	197,617,462
Assets	182,389,489	246,571,289

The Bank has now over 365 branches which are geographically distributed as follows :

Alberta	49	Forward	305
British Columbia	42	Saskatchewan	53
Manitoba	23	Yukon	2
New Brunswick	4	Branches in Canada	360
Nova Scotia	13	London, England	1
Ontario	80	Newfoundland	1
Prince Edward Island	5	United States	4
Quebec	89	Mexico	1
	305	Total number of branches	367

It is thus very fully equipped to transact every description of banking business throughout Canada.



their transactions has reached much larger proportions. This is accounted for by the general prosperity of the country. Business is good and the commercial and professional classes are in better position to consider outside investment than ever before. The result has been an increased interest in the stock exchange, and the year 1912 has been a big year for Canadian stock brokers. A further result of this broadening of the market has been that many large consolidations have been made possible through the rapidity with which issues of securities have been absorbed. The buying power of the Canadian investor seems to be unlimited, and every good issue made this year has been readily taken up. In fact, the complaint was made several times in the early part of the summer that the demand for allotments in good issues was greater than the supply, and the explanation was offered by brokers that many industrial reorganizations had been made impossible owing to the lack of competent managers. A number of industrial consolidations which have been effected during the past three or four years, and which met with severe criticism at the time of their flotation on the grounds of excessive capitalization, have since in most cases justified themselves. The growth of the country and the general prosperity have provided markets that few people could have foreseen, and earnings have kept pace with the growth.

The dependence of the Canadian stock markets on the banks was much in evidence during the latter part of the year. So great were the demands of legitimate commercial enterprises for funds that the banks were forced to curtail the loans which they have been wont to make to the brokers. The effect of this was to put a severe check upon trading. The trouble was not that the rates for call money were so high, as that little money could be obtained

even at those rates. Considerable dissatisfaction was expressed by brokers in the early stages of the money stringency, but towards the end of the year it was pretty generally agreed that the banks were acting in the best interests of the country. Bankers were criticized in some quarters for lending money in New York when it was badly needed at home, but they met this criticism by explaining that the money lent in New York would not have been available in any case for call loans in Canada. Money loaned at call in New York can be quickly returned without causing distress, whereas the same amount of money withdrawn from the Canadian markets would probably cause a panic.

THE attitude of the banks to the stock exchange is often criticized, but it must be admitted that it is usually in the interests of the brokers themselves as well as of the banks and the public. It has resulted in the greater stability of our markets as compared with Wall Street, more equitable rates and the avoidance of grave panics. To withdraw money from ordinary commercial channels in order to stimulate stock market activities would ultimately be disastrous for the brokers because it would be killing the goose that laid the golden egg. The year 1912 was important in that it resulted in a better understanding between bankers and brokers. There was no disposition on the part of the larger banks to harass the brokers, the banks not increasing their rates unreasonably, although exercising great caution in making fresh commitments. The brokers, on the other hand, showed a willingness to accept the assurances of the bankers that money was simply not available. They also knew in their hearts that a check to the rising market of mid-year was good for everybody. Such an understanding is often a safe check on unwise speculation.

for investment ten thousand enticing propositions present themselves, and a thousand knaves stand at his elbow to extol the virtues of their schemes.

Through all these traps and snares, and past all these thickets and brambles, the investor must pick his way. By one slip or one uncautious step, he is in the pitfall, or held entangled in the thorns, and the savings of years have vanished in the passing of a moment.

BUT the dangers besetting the individual do not embarrass the life insurance company. The company is guided by experienced financial men, who know the dangers, as well as the pilot, controlling the movements of a great vessel, directs it past the rocks and shoals, and swings it around the turns and twists of an intricate channel.

The companies' funds are continuously employed to the best possible advantage. Opportunities present themselves to such financial institutions which are not open to the individual who only controls small sums. Not only does the company provide the greatest possible means of safety to the funds of the policyholder, but it will admit him to participation in the profits of its enterprise.

It cannot be urged that savings in life insurance policies are removed from the reach of the policyholder during the currency of his contract. By its terms, he may, on demand upon the company, have the use of a considerable portion, at a rate of interest not exceeding 6 per cent., upon the sole security of his policy. That loan will be repayable at his pleasure, so long as interest is punctually paid.

Another element of safety to the policyholder is the regulation and annual inspection of companies by the Dominion Government.

In conclusion, the advantage of investing in life insurance is so sound that even if life insurance had no other virtues, that one alone would be a sufficient inducement to insure.

## Life Insurance Investment

*A Frank Argument for the Average Man*

By ARCH. R. HOWELL

THE obligation of the individual to provide for the support of those who depend upon him for a living is of so imperative a nature that no one who has a tender regard for wife and children can lay that duty aside without deserving the deep reproach of his fellowmen.

Indeed, it is hardly less cowardly for a man to leave no proper provision at his death for his family than to abandon them to destitution and hunger during his lifetime.

By means of life insurance only can the danger be offset. A life insurance company assembles together a number of persons, actuated by the same purpose, combines their contributions according to a scientific system, and distributes the proceeds of the fund among them.

It is an uncertain undertaking for the individual who starts without capital to attempt to accumulate it by himself, seeing that he is without guarantee that he will live long enough to succeed in his purpose. Long before he may be ready to reckon up the fortune for which he is striving, another day of reckoning may have come, when his wife and family will have to suffer for the untimely end of his labours.

Only by association with others, under the guardianship of a life insurance institution can the

risk of the failure of individual effort be eliminated.

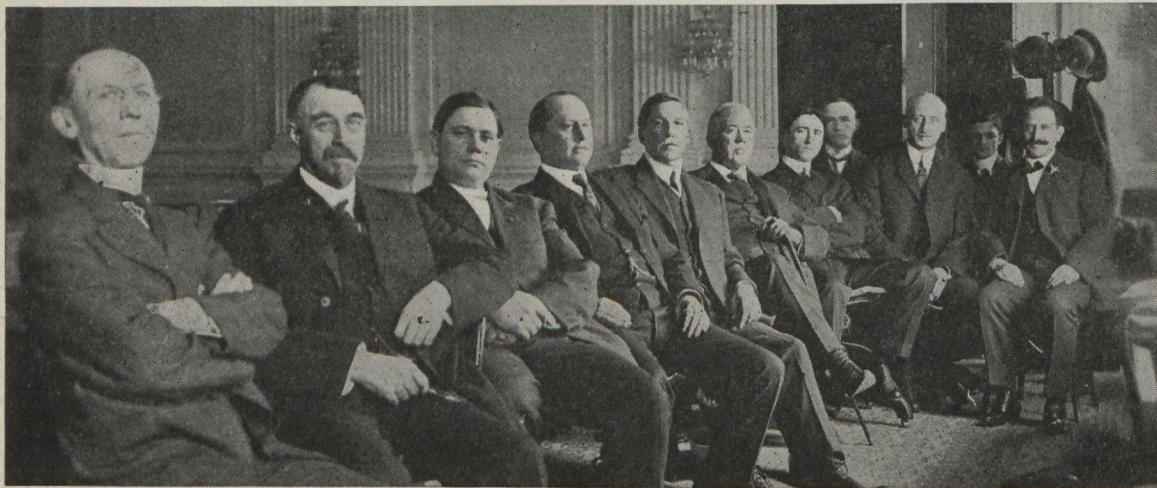
A PART from the importance of life insurance, in compensating the uncertainty of life, the insurance company plays another part of vast importance to the welfare of the community. The company guarantees the safety of the savings and surplus of the individual. Without the company his savings are exposed to loss from speculation or misplaced confidence.

There are many who, while satisfied to have life insurance for their protection, consider that they can make more profit from their own investment of whatever surplus they can lay aside, but there is danger in doing so. The safety of the capital requires insurance in almost as great a degree as the life itself requires it.

Let those who count upon their own abilities to invest and improve their capital, take warning by the failure of the great number, rather than be led away by the success of the few. The fortunate ones are more heard of than the others. Their names are passed from mouth to mouth with stories of their success. But the great majority of those less fortunate are silent, loth to proclaim their failures.

To the person who finds a balance at his disposal

### TRYING TO IMPROVE FINANCIAL LAWS OF UNITED STATES



The Pujó "Money Trust" Committee of Congress. Left to right: McMorran of Michigan; Hayes of California; Neeley of Kansas; Pujó of Louisiana; Daugherty of Missouri; Byrnes of S. Carolina; Held of Delaware; and Attorney Untermeyer.

### Some Interesting Comparisons

Messrs. Jaffray, Cassels & Biggar give the following comparisons of stock prices of to-day and ten years ago:

	Prices Dec. 13 1902.	Prices Dec. 13 1912.	Change in Ten Years.
Consumers' Gas .....	212	190	- 22
Canadian Pacific Railway.	126	256	+ 130
Canadian General Electric	200	114	- 86
Commercial Cable .....	175	(1) 298	+ 123
Dominion Telegraph .....	119	103	- 16
Richelieu & Ontario Navigation .....	93	112	+ 19
St. Lawrence & Chicago Navigation .....	140	116	- 24
Toronto Railway .....	112	140	+ 28
Twin City .....	114	103	- 11
Sao Paulo .....	88	245	+ 157
Wm. A. Rogers preferred	105	113	+ 8
Dominion Steel .....	55	57	+ 2
Dominion Steel preferred.	91	102	+ 11
Dominion Coal .....	127	57	- 70
Nova Scotia Steel .....	98	85	- 13
Winnipeg Electric .....	165	(2) 425	+ 260

#### BANKS.

Toronto .....	255	208	- 47
Commerce .....	160	220	+ 60
Imperial .....	238	220	- 18
Dominion .....	243	236	- 7
Standard .....	245	223	- 22
Hamilton .....	230	204	- 26
Nova Scotia .....	260	261	+ 1
Ottawa .....	220	210	- 10

#### TRUST AND LOAN.

National Trust .....	138	215	+ 77
Canada Landed & National Investment .....	105	158	+ 53
Canada Permanent Mortgage Corporation .....	120	190	+ 70
Central Canada Loan .....	136	190	+ 54
Hamilton Provident & Loan .....	122	133	+ 11
Huron & Erie Loan .....	182	200	+ 18
Toronto Mortgage .....	83	133	+ 50

(1) One share of Commercial Cable stock is now represented in the market by two shares of Mackay preferred and two shares of Mackay common.

(2) Since 1902 a stock bonus of one hundred per cent. has been paid by Winnipeg Electric, so that a holder of one share in 1902 would now have two shares.

The largest gain in capital account in ten years is shown by Winnipeg Electric stock. Large gains are also shown by Sao Paulo and C.P.R.



# LIST OF OFFERINGS

## MUNICIPAL BONDS

	Approximate Yield
Montreal Protestant High School 4% Bonds, due Jan. 1st, 1942 (Guaranteed by the City of Montreal) .....	4.35%
City of Edmonton 4½% Debentures, due July 1st, 1951 .....	4.6%
Town of Glace Bay, N.S., 4% Debentures, due July 15th, 1932 .....	5%
Town of Montcalm, Que., 4½% Debentures, due May 1st, 1952 .....	4.50%
Town of Windsor, N.S., 5% Debentures, due August 1st, 1942 .....	4 1/8%

## PUBLIC UTILITY BONDS

Camaguey Company, Limited, 5% Bonds, due June 1st, 1946 .....	5 3/4%
West India Electric Company, Limited, 5% First Mortgage Bonds, due Jan. 1st, 1928 .....	5 3/4%
Trinidad Electric Company, Limited, 5% Bonds, due June 1st, 1931 .....	5 5/8%
Santiago Electric Light & Traction Company, 6% Bonds, due Jan. 1st, 1959, with 10% bonus in Common Stock .....	6 1/8%
Bell Telephone Company of Canada, 5% First Mortgage Bonds, due April 1st, 1925 .....	5%
Porto Rico Railways, Limited, 5% Bonds, due Nov. 1st, 1936 .....	5 3/8%
Western Canada Power Company, Limited, 5% First Mortgage Bonds, due July 1st, 1949 .....	5 3/8%
Calgary Power Company, Limited, 5% Bonds, due July 1st, 1940 .....	5 1/2%

## INDUSTRIAL BONDS

Crossen Car Company, Limited, 6% First Mortgage Bonds, due Jan. 2nd, 1936 .....	6 3/8%
Canadian Car and Foundry Co., 6% First Mortgage Bonds, due Dec. 1st, 1939 .....	5 1/2%
Ogilvie Flour Mills, "Series A," 6% First Mortgage Bonds, due June 1st, 1932 .....	5 1/4%
Ogilvie Flour Mills, "Series B," 6% First Mortgage Bonds, due June 1st, 1932 .....	5 1/4%
Canadian Steel Foundries, Limited, 6% First Mortgage and Collateral Trust Bonds, due March 1st, 1936 .....	5 3/4%
Nova Scotia Steel and Coal Company, 5% First Mortgage Bonds, due July 1st, 1959 .....	5.30%
Price Brothers & Company, 5% First Mortgage Bonds, due November 1st, 1940 .....	6%
Standard Ideal Company, Limited, 6% First Mortgage Bonds, due January 2nd, 1941 .....	6 1/3%
Thomas Davidson Manufacturing Company, 6% First Mortgage Bonds, due April 1st, 1942 .....	6%
City Realty Investing Company of Montreal, Limited, 5% Convertible Debentures, due June 1st, 1937 .....	5.20%
Canadian Venezuelan Ore Company, 6% First Mortgage Bonds, due January 1st, 1927, with a 75% bonus in Common Stock .....	6 3/4%
Calgary Brewing and Malting Company, 5% First Mortgage Bonds, due May 1st, 1942 .....	6 1/8%
Dominion Cottons, Limited, 6% First Mortgage Bonds, due July 2nd, 1922 .....	5 5/8%
E. B. Eddy Company, Limited, 6% First Mortgage Bonds, due June 14th, 1935 .....	5 3/4%

## INDUSTRIAL PREFERRED STOCKS

Alberta Pacific Grain Company, 7% Cumulative Preferred Stock, with bonus of 25% in Common Stock .....	Price on Application
Steel Company of Canada, 7% Cumulative Preferred Stock .....	Price on Application
Canadian Car and Foundry Company, Limited, 7% Cumulative Preferred Stock .....	Price on Application

## ROYAL SECURITIES CORPORATION LIMITED

Bank of Montreal Bldg. cor. Queen & Yonge Sts Toronto.  
R. M. WHITE MANAGER.  
Montreal. Quebec. Halifax. London ENGLAND.



# The New Canadian Bank Act

*A Check on Speculative Investments, an Aid to Farmers and a Curb on Bank Mergers*

By **W. W. SWANSON**

Associate Professor Political Economy, Queen's University

THE Minister of Finance is to be congratulated upon the enlightened measures which he has advocated in connection with the new Bank Act. Sometimes our legislation falls into the hands of politicians who confessedly pay no attention to the work of experts. And the existence of complicated monetary and banking problems, understood by only a few, furnishes the opportunity for professional politicians to bring forward measures which may appeal to the private interests of one class as against another, but which show an utter want of analysis and a complete ignorance of fundamental principles. Although we have many serious-minded statesmen, still a measure is not infrequently judged by its power to gain votes. It may be fairly said that in this regard, in the present case, Mr. White has proved an honourable exception.

Few persons recognize sufficiently well the enormous growth in Canadian banking in recent years; and the extent to which our national prosperity is bound up with its successful conduct. I shall not weary the reader with statistics; but the following figures are most significant as exhibiting the wonderful increase in the nation's banking business even in one year:

	Nov., 1911.	Nov., 1912.
Deposits on demand . . . . .	\$341,712,265	\$376,829,372
Deposits after notice . . . . .	588,942,142	635,810,703
Current loans in Canada. . . . .	770,356,419	874,721,593
Current loans elsewhere. . . . .	38,991,698	40,925,744
Call loans in Canada. . . . .	72,033,493	70,668,521
Call loans elsewhere. . . . .	87,489,665	111,812,858
Circulation . . . . .	101,943,056	115,473,098

There are several striking changes in the Bill as presented, over the present Act. Chief interest is found in the new provisions for a compulsory audit throughout the whole field of banking. The shareholders shall, at each annual general meeting, appoint an auditor at a salary decided upon at the time of his appointment. Concerning the rights and duties of an auditor the Bill reads:

"Every auditor of a bank shall have a right of access to the books and accounts, cash, securities, documents and vouchers of the bank, and shall be entitled to require from the directors and officers of the bank such information and explanation as may be necessary for the performance of the duties of the auditors. If the bank has branches or agencies it shall be sufficient if the auditors are allowed access to the returns, reports and statements, and to such copies of extracts from the books and accounts of any such branch or agency as have been transmitted to the chief office; but the auditors may in



MR. J. H. GUNDY,

A prominent bond authority. Formerly secretary of the Dominion Securities Corporation, he has been since 1905 President of Wood, Gundy & Co. Also prominent in public movements looking towards social improvement.

their discretion visit any branch or agency for the purpose of examining the books and accounts, cash, securities, documents and vouchers at the branch or agency.

"Moreover, it is the duty of the auditors once at least during their term of office, in addition to such

checking and verification as may be necessary for their statement to the shareholders, to check the cash and verify the securities of the bank at its chief office; and, should they deem it advisable, to check and verify in the same manner the cash and securities at any branch or agency. Finally, the Minister of Finance may require any auditor so appointed to inquire specially into any of the affairs or business of a bank; but the auditor, in this case, shall be remunerated for his services by the Government."

Notwithstanding all that has been said by way of criticism—mostly for political reasons—any fair-minded man will recognize that this is a big step in advance. It does not go as far as the writer and many others have advocated; but a half loaf is better than no bread. It seems perfectly plain that if such a system had been in operation, and it had been put into effect, the Farmers Bank would have been early checked in its headlong career of reckless extravagance and speculation. To be quite frank, however, it must be said that there is a real danger that, after all, the directors, and not the stockholders, will appoint the auditors. The vital fact, however, is the clear recognition on the part of the Government of the need for external examination. Every experienced man of affairs knows that the material for a financial catastrophe is collected by previous years of extravagance, over-trading and expansion of credit; and that it is only an accident whether it is this or that event which touches off the powder magazine. If the auditors can do something to check speculative methods a world of good will have been done. Nevertheless, chief reliance must continue to be placed upon the bankers themselves; for, when the assets in the loan item of the banks have only a fictitious value, or when they lose their liquid quality, it is childish to expect that auditors can create soundness through this legislation.

AN important departure is made in connection with the right of note issue. At present no bank can issue notes beyond its unimpaired paid-up capital, except during the usual season of moving the crops when it may issue an additional amount not exceeding fifteen per cent. of its unimpaired paid-up capital and rest fund. Upon this excess issue the bank must pay interest not exceeding five per cent. per annum. It is now provided, however, that banks may issue additional notes on depositing either gold coin or Dominion notes in certain central gold reserves which are to be created. The Bankers' Association may, with the approval of the Minister of Finance, appoint three trustees, and the Minister a fourth, to have custody of these reserves and to administer them according to such rules and regulations as the Association may devise.

Now, when it is remembered that the specie and Dominion notes held by all the banks in Canada (Nov., 1912) amounted to \$40,670,854 and \$98,990,052 respectively, it will be clear by what an enormous sum it becomes possible to extend the note circulation of the banks. The new policy amounts simply to a scheme for combining legal money reserves, thus giving the banks great and concentrated power. This will greatly aid the banks in serving the country in a time of crisis. Let me briefly explain.

In extending its credit a bank gives a borrower present means of payment, either by a deposit account or by its notes, for which the bank gets repayment by waiting a short time. The whole risk falls on the bank, since it insures the soundness of the business transaction on which the loan was raised. As a rule, no borrower wishes cash (gold or Dominion notes), because he loses interest on it as long as it is in his possession. This explains why a bank may have \$70,000,000 of demand deposits, and yet perhaps keep only \$10,000,000 of cash reserves. Now, under such conditions, what happens if the customers lose their heads, and all ask for cash? Of course they could not all get it. In spite of the superficial impression that a deposit in a bank is cash, it is not so in reality.

But on the other hand, observe the objects gained by a safe and elastic note-issue such as is provided in the Bill. It enables the immediate exchange of a deposit liability into a note liability, without altering the relation of reserves to demand liabilities, and yet retains for the notes the same assets as

security which previously were regarded as safe for the deposits. This scheme increases the power of the bank to lend, and prevents its reserves of lawful money from being drawn upon. But it does another important thing. It will tend to quiet the psychological conditions leading to runs, by enabling the bank to pay out additional notes, and thus place ready "money" in the hands of corporations and employers when required to meet the obligations



MR. W. S. DINNICK,

Whose financial ability and faith in Toronto's growth has enabled him to score a win. He is President of the Dovercourt Land, Building and Savings Company and vice-president of the Standard Loan Company. Both are flourishing institutions.

of pay-rolls, and to carry on retail trade. And since, very fortunately, there is no legal reserve for banks in Canada, their combined legal tender holdings could be concentrated during a period of financial stress to meet every danger. For, as Canadian bank-notes are guaranteed, they would be as readily accepted as gold. But more than all, the specie and legal tenders which are now lying as so much dead capital in the vaults of the banks can, by the new legislation, be turned into every line of opportunity or need, and thus enormously aid the productive enterprises of the nation.

TWO important provisions have been added to the Act in connection with loans to farmers and ranchers. These are found in Sec. 88 and are as follows:

The bank may lend money to a farmer upon the security of his threshed grain (of any kind) grown upon the farm. . . . The bank may lend money to a rancher upon the security of his cattle.

It is desirable that all the grain crop of the country should not be rushed to the market at one time. The railways have not the facilities to handle the crop within a period of ten or twelve weeks. To handle the crops in three or four months would require the railroads to secure larger equipment, and this would increase freight rates in the end; for some of the equipment might be idle during part of the year. Then, again, if all the grain is rushed to market within a short period the price would be inevitably depressed. But the farmer must have money in the fall to meet his liabilities to the machine agent, the storekeeper and the thresherman. No doubt this provision will permit the banks to extend credit to farmers who place their grain in some safe place of storage, and pledge it to the bank. The same general conclusions hold true in regard to the rancher, who also has seasonal liabilities to meet. The chief objection to the scheme is that dealers might not know that farmers and ranchers had pledged their property for a loan at the bank; but it would merely mean that these creditors would have to take the trouble to inform themselves as to a man's position, and govern themselves accordingly.

THE Bill as presented to the House endeavours to place the Government in a more favourable position in dealing with bank mergers. This problem has assumed a very serious aspect in the last two or three years; and it is conceivable that, if the



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" 1866 St. Lawrence Boulevard.  
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Brampton	Kingston	St. George
Brantford	Lancaster	St. Thomas
Chatham	Lansdowne	Tara
Chatsworth	Leamington	Thamesville
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Creemore	London	Toronto
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New Norway  
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Olds  
Pincher Station  
Redcliff  
Red Deer  
Sedgewick  
Stettler  
Strome  
Tofield  
Trochu  
Vegreville  
Viking  
Wainwright  
Walsh  
Wetaskiwin

CAPITAL PAID UP - \$6,747,680  
RESERVE FUNDS - 6,559,478

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Brandon  
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Gladstone  
Hartney  
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merger movement continues, the financial control of the country will be placed in a very few hands. Mr. White proposes to make it compulsory that in any proposed merger the consent of the Minister of Finance shall be obtained before the matter is sent on to the shareholders of the concerned banks, and becomes bruited abroad. In the present state of the law, when application is finally made to the treasury board to permit one bank to purchase the assets of another, the merger has been discussed at the meetings of shareholders, and has already been made public. Thus, save in exceptional cases, a serious question would arise as to the right of the treasury board to refuse its consent to an agreement which has gone so far. The new Act has at least this distinct advantage over the old, that it will clearly place the responsibility arising from any bank amalgamation upon the Government. The treasury board is constituted by statute, and its consent to the formation of a merger does not, at present, involve the Government directly in the transaction; but if the consent of the Minister becomes necessary to the implementing of the agreement the country can visit its wrath upon the Government for any supine dealings with the money trust.

**A**DDITIONAL safeguards have been thrown about the organization of banks looking to protection of the subscribers of stock between the period of the incorporation of a bank and the issue of the certificate of the treasury board which permits it to begin business. In the event of the certificate of the treasury board not being obtained in several years, if the bank is not successfully launched, then no commissions can be paid or other heavy expenses met, unless the subscribers give their consent, or

upon the order of the court.

There are several other minor changes which cannot be dealt with in the limits of this article. But there is one feature of the discussion which arose in the House that deserves attention. Mr. Ross, of Middlesex, and Sir Wilfrid Laurier, desired to know why provision had not been made, in the new Act, to guarantee deposits as well as notes. As is well known the note-holder has the first claim on the assets of a failed bank. In addition, notes are guaranteed by the circulation redemption fund, and bear interest until paid in full. Could not some such scheme be pursued in regard to the deposits?

It can be safely said that if depositors were guaranteed against loss, as are note-holders at present, a deadly blow will have been struck against conservative and careful banking. An essential difference between banks in management, stability, conservatism, and success cannot wisely or justly be wiped out, without losing the very elements of safety and permanence in our business relations. A great bank with a large capital and surplus affords a wider margin of safety to deposits than can be afforded by a small bank; and the large bank will draw deposits for these very reasons. If the argument for insurance of deposits has any validity, then the same system, in order to treat both interests in question with equal justice, should be extended by a tax on all borrowers to insure the bank from loss from unfortunate loans. If this were done there would be no need of guaranteeing deposits; for if the assets of a bank could be guaranteed the deposits would be safe. But we are not living in a business world of women and children; and business men must assume their own risks whether they entrust their funds to industrial undertakings or to banks.

## Trust Company Progress

*How Such an Organization Benefits a Busy Man*

By JAMES ANDERSON

**T**HE growth of trust companies in Canada during the past decade has been startling, and the name "trust company" to-day scarcely signifies the functions which they were supposed to perform at the time the first company was organized in Canada. As they exist to-day these are essentially an American institution.

About the year 1836 the first charter of a trust company was granted in the United States, and from that date until the present time they have continued to multiply and flourish, until their business is entwined with practically every financial

institution in the country. The amount of capital invested, together with the undivided profits, amount to hundreds of millions of dollars, and in many respects they have greater power in the financial world than the largest banks of the country. In their later development the first idea of a trust company, in its limited sense, is a thing of the past, and their functions to-day partake more of the nature of a bank.

Their business of acting simply as executors, administrators, trustees, agents, etc., is lost sight of in the reorganization and promotion of companies—their underwriting of stocks, and the re-

ceiving of deposits, as well as the many other uses which they are put to. This same condition of affairs is gradually creeping into some of our Canadian trust companies. For many years the history of Canadian trust companies was that of the Toronto General Trust Corporation, which was established in 1882, and for many years the only company of its kind in Canada.

It started off with the idea of conducting its business strictly as a trust company, and notwithstanding the many inducements offered, has adhered to its original intention, and as a result has gained the confidence of the public, as is evidenced by the continued growth from year to year, and the management assures us the past year has been by far the best in its history, and so great has been the increase in their business they have under consideration an addition to their present head office which they only moved into a year ago.

**I**N later years other trust companies were formed, and while not restricting business to that of executor, administrator, trustee and agent, their growth has been not less marvellous than that of the company we have just mentioned. The public had been gradually educated along the lines that a corporate trust was much more preferable than that of a private person, hence the marvellous success of such companies as the National Trust Company of Toronto, with branches in Montreal and Winnipeg; the Royal Trust Company of Montreal, with offices at Toronto and Winnipeg; the Union Trust Company of Toronto, the Standard Trust Company of Winnipeg, as well as others throughout the different provinces. So great has been the success of these institutions that many others have been organized within the past few years, and it looks to us as though the business of trust companies was being a little overdone in Canada at the present time. Some of the advantages in selecting a trust company to perform the duties formerly entrusted to private individuals are:

A trust is often created for a longer period than that of human life, whereas a trust company is perpetual, and never dies. While the original trustee or trustees may be selected by the creator of the trust, it may be impossible for him to select their successor or successors. In all well organized trust companies expert men are engaged in the different branches, and looking after the proper execution of their trust is their first consideration, which is not always the case with a private individual.

A trust company is always on hand to do business and meet their clients. The different officers are in touch with the financial world, and are able to take advantage of investments offered. All trust companies have proper vaults for depositing the securities of their clients, a great safeguard to-day when such a large amount of the funds are invested in debentures and other securities of a like nature which are readily negotiable in case of theft.

**A**NOTHER strong feature of a corporate trust is: That in a young country people are often too busy looking after their own affairs to pay much attention to those of others, and often the appointment of private persons to the position of executor, administrator, trustee, etc., is an imposition. No person should place himself under an obligation to a relative or friend when there is machinery at hand no more expensive and more competent to perform the duties.

In the past it has been the experience of private persons performing similar duties not only to dissipate the estate through bad investments, but also to appropriate the funds entrusted to them for their own use. Our law reports are full of such cases, and often through bankruptcy of the trustee the estate is lost in its entirety, and the purpose for which the trust had been created is defeated. Up to the present time in Canada no trust company has defaulted, and it is seldom one hears of a case of maladministration, and in almost every instance where action has been brought against the company it has been decided in its favour.

Again, when trust companies are acting as trustees, there is the whole capital as security for the faithful performance of their duties, and in selecting a trust company it is advisable not only to look to the amount of the paid-up capital as security, but also to enquire as to the ability and capability of the management; as, while estates may be administered within the strict letter of the law, much might have been made out of the capital in one company than another. With the companies doing business in Toronto and Montreal this feature is eliminated, as in the management of all, nothing more could be desired. Any person having an estate of any magnitude should not for a moment hesitate in selecting some company to act for them.

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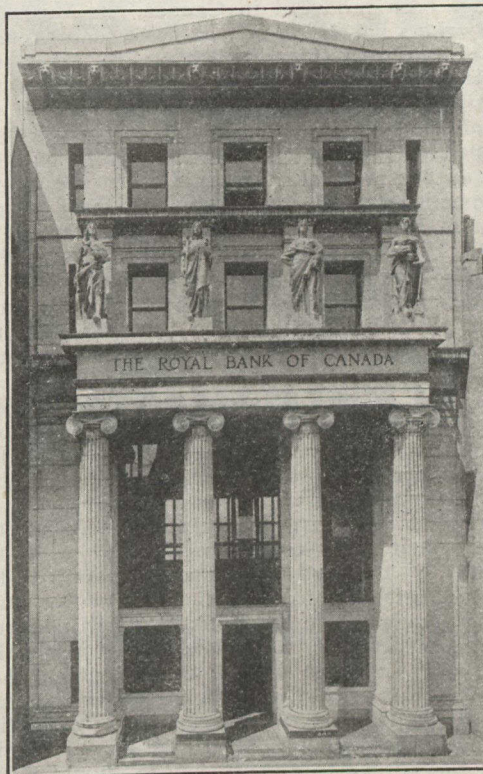
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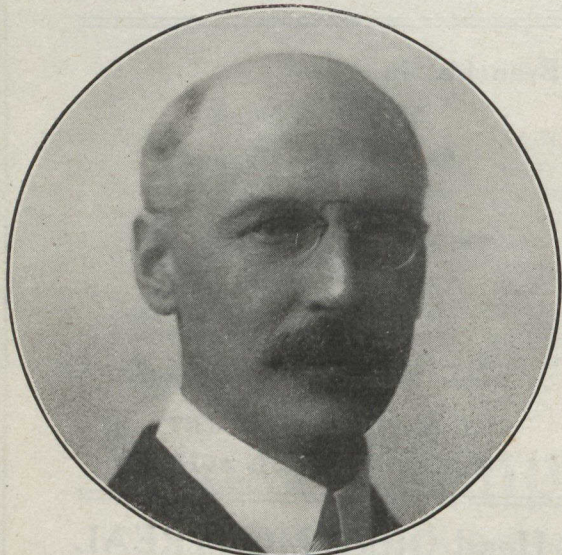
W. S. Dinnick, President



# Fire Insurance in 1912

By AN INSURANCE EXPERT

ON the whole it can be said that companies doing business of a fire insurance in Canada have enjoyed a favourable year in 1912. The year just passed has been one of great prosperity in business circles generally, and as a result the fire insurance companies along with all other branches of business have reaped the benefit. While the fire losses for the year will probably aggregate over \$22,000,000, this compares favourably with the year 1911, with its loss of \$21,459,000, and with that of 1910, of \$23,500,000. In fact the accounts of some of the companies for the past year show unmistakably that it will prove one of the best in their history. Trade was active throughout the whole of the Dominion, with all that



MR. JOHN B. LAIDLAW,

Manager for Canada of the Norwich Union Fire Insurance Society. He takes a deep interest in the Canadian Fire Underwriters' Association, of which he has been president several times. He has few peers in the fire insurance business in Canada.

this meant in the way of supplying plenty of business, and when times are good insurers are not disposed to quibble over rates, and in good times the moral hazard of the business is also better. The month of December, however, proved disappointing in many respects, as loss from fire in that month were much greater than one would have anticipated; but on the whole, we believe it will be found that the balance sheets of the different companies when exhibited will prove perfectly satisfactory to the shareholders.

Troubles in the business, however, were not wanting, and those connected with the growing keenness of competition are amongst the most serious. On the first of January, 1912, the business of fire insurance in Canada or of companies reporting to the Insurance Department at Ottawa number 62. Of these, 24 were Canadians, 21 British, 16 American, and one French.

It is quite evident that foreign companies look upon Canada, notwithstanding the exceptionally high loss ratio experienced here, as a profitable field, if one is to judge from the number of new companies applying for licenses. Since the beginning of 1912 licenses to carry on the business of fire insurance have been granted the British North Western Fire Insurance Co., of Winnipeg; the North West Fire Insurance Co., of Winnipeg; the Palatine Insurance Co., the Providence-Washington Insurance Co., the North Western National Insurance Co., of Milwaukee; the Firemen's Insurance Co., of Newark; the Westchester Fire Insurance Co., the British Colonial Fire Insurance Co., as well as the Germania Fire Insurance Co. Some of these companies belong to the Board, but others are in the non-tariff ranks. Complaint is often heard that many of the companies entering Canada in order to establish their business have not only been guilty of paying excessive commissions to agents, but also of cutting rates.

Again, the companies licensed by the Canadian Department have still to meet the competition of unlicensed companies, and it might be well for us here to call the attention of our manufacturers to the fact, that while they for years past have been clamouring for a greater protection, and for the consumption of "made in Canada" articles they are not willing to apply the same principle to fire insurance companies who have borne the brunt of disastrous losses in the past. Fire insurance com-

panies have for many years undertaken a great educational work in the construction of buildings. They have called for and practically insisted upon better and more modern fire fighting appliances, and wherever an up-to-date system of fire protection has been produced in Canada, the Board of Underwriters have always lived up to their promise of a reduction in rates, and when one takes into consideration that during the past few years the reduction in rate has been enormous, even in the face of the heavy loss which the companies have sustained. The rate of premium charge of risks taken during 1911 was 1.35, and when the figures are compiled for the year 1912, we have every reason to believe that a further reduction will be found. The loss ratio for 1911 (53.16) was 9.80 below the average for the 43 years over which we have any authentic record, and if the loss ratio for the past year is no greater than for 1911, the companies will be fortunate indeed. Fire companies in the western provinces have been springing up month after month. Some of them have invaded the east, but the one great drawback to the success of these companies, as to the success of many fire insurance companies in Canada in the past, has been the want of sufficient paid-up capital.

More and more are the insurers making the security their first consideration, and with the smallness of the paid-up capital on many of the companies established during the past two or three years, we cannot help but think they will not meet with the success they anticipated. We would like to see our Canadian companies strengthen their position in this respect, as with the better construction of buildings, more scientific fire-fighting appliances, and with the experience of our cousins across the border to go by, Canada should prove, in the future, a remunerative field for fire insurance companies.

One feature of the business which has been scarcely brought to the attention of manufacturers is, what might be called income insurance, and it would be interesting to know, whether debenture holders and shareholders in industrial or manufacturing companies fully appreciate the risk they run with regard to incomes derived by them from their investment in these concerns. By reason of the want of fore-sight on the part of directors and

managers in providing for the payment of the interest on their debentures and dividends and on their shares in the event of the productive part of the business being either partially or totally destroyed by fire. The ordinary fire policy only applies to material damage caused by fire, and makes no provision for the loss of earning capacity, notwithstanding the fact that the interest on the companies capital, and standing charges of the business continues to be payable. Fire insurance companies have facilities for taking care of such risks, and we believe that the future will see this class of insurance carried to a greater extent as the years go by, as people contemplating investing their money in such enterprises will be led to enquire before making their investments if the company has protected the shareholders against such a contingency.

A few years ago one of the greatest underwriters which we have in Canada, in making a review of the business, stated: "It is pitiable to notice that the Dominion cannot take credit for any improvements in the conditions of their municipal fire brigades, over those existing in the United States." He instanced a Government report on the municipal conditions of the city of Montreal, which revealed the fact that the fire brigade of that place was a hot-bed of graft, and that positions and promotions had usually to be paid for. It has been stated on more than one occasion that the city of Montreal is not alone guilty in this respect. Other cities have been charged with the same thing, but whether true or false, it is hard for us to say, but it would be wise for any municipality where the question of fire protection is so important that promotions in the fire brigade should be by merit alone.

Our fire losses in Canada for years past have been one of the heaviest taxes which we have had to contend with. Our loss ratio per capita has been over \$3, and when we compare this with the loss ratio of continental countries, the only wonder to us is how the people of Canada have stood it so long. France, Germany, Italy, Switzerland, and England are all much in advance of us in this particular question. No doubt the material used in construction in continental countries has much to do with this, but not altogether, and we can only attribute our enormous fire losses to ignorance and carelessness, and it is to be hoped that when our conservation commission has made its report on fire losses, and fire conditions in Canada, some means will be found to check that which is sapping the life-blood of our country, and it is to be hoped that the present year will see our fire losses decreased by several millions.

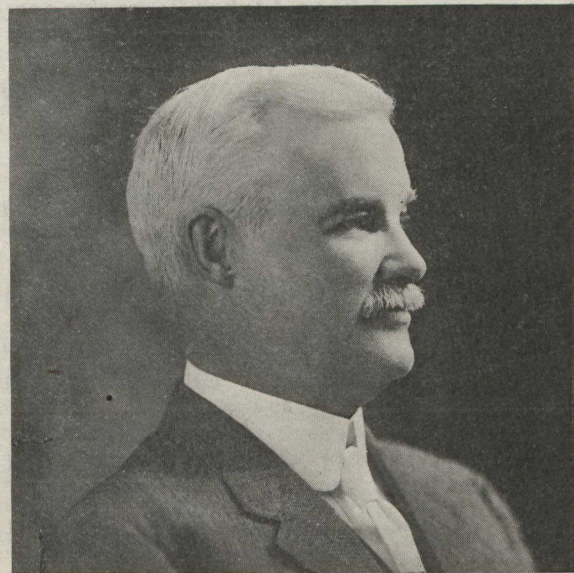
# Life Insurance in 1912

CANADIAN life insurance companies have for some years past been taking advantage of the prevailing good times in extending their business, and the past year has been no exception. If the operations of the various companies in the way of writing new business is any indication of the general prosperity in Canada, we have every reason to feel satisfied. Life companies, without exception, report the best year in their history, more business has been written, premiums have been more promptly paid, investments have been at a premium and yielding good returns, while the interest on the vast holdings of the life companies has been fairly promptly paid, and when the financial statements of the various companies are forthcoming, we predict that one and all will be satisfactory.

Life companies have established their claims to the confidence of the whole population, from the wage-earner to the millionaire. The investigation of the Canadian life companies a few years ago cleared the air. It was feared in some quarters that it might do harm, but on the contrary, it brought the subject of life insurance and its benefits more forcibly before the public than ever before, and in place of doing harm it proved a blessing in disguise. Life companies have been strengthening their position in every way, and were never in a better position or better equipped to meet the liabilities undertaken.

Notwithstanding the number of companies doing business here, and the keen competition there is to secure business, it is marvellous how little the average man knows about the subject; whether this is the fault of the life companies or not in not advertising more extensively or in not distributing the proper class of literature, nevertheless, the fact remains, the greater proportion of people taking out insurance rely almost entirely upon the agent, and it speaks well for the class of men associated with the business, that so few complaints are heard. To show the wonderful growth of life insurance

in Canada we need only go back ten years. In 1901 the amount of new insurance written was \$73,899,228, in 1911 the amount was \$176,866,979. In 1901 the amount of insurance in force in Canada was \$463,769,034, which in 1911 had grown to \$950,220,771, and of this amount \$626,770,154 was in Canadian companies. Of the amount written last year, Canadian companies wrote \$110,077,453, demonstrating the fact that in life insurance we are more than able to hold our own with either British



MR. T. B. MACAULAY,

Is one of the most versatile and accomplished insurance men in Canada. He is a product of the modern methods in insurance, though not exactly a young man. He was born in 1860; at the age of seventeen entered the offices of the Sun Life in Montreal; appointed actuary at the age of twenty, secretary a year later, director in 1898, and managing director in 1906.



# The Rimouski Fire Insurance Company

Established 1876



Head Office Building

Head Office,  
Rimouski, Canada

Western Department

**Wilgar & Brodie** General Agents

Kent Building, Toronto

## THE METROPOLITAN BANK

Capital Paid Up	- - - -	\$1,000,000
Reserve Fund	- - - -	\$1,250,000

HEAD OFFICE, TORONTO

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A General Banking Business Transacted.  
Savings Department at Every Branch.  
Forty-one Offices in Ontario.

## CAMPBELL REALTY Company

(OF WINNIPEG)

### Western Canada Investments

Offices—Nos. 606, 607, 608, and 609 Canadian Pacific Railway Company's New Building, Cor. King and Yonge Streets, Toronto, Ont.

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BIGGAR, SASK.  
CAMROSE, ALTA.  
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YOUNG, SASK.

OFFICES: Head Office—WINNIPEG, MAN. BRANCH OFFICES: Brandon, Man.; Estevan, Sask.; Young, Sask.; Vancouver, B.C.

Owing to the exceptionally large increase in our Western realty business, we are compelled to move into more commodious offices. Therefore, we have taken, on a long lease, FOUR LARGE OFFICES in the CANADIAN PACIFIC RAILWAY COMPANY'S NEW BUILDING, corner of King and Yonge Streets, where we will be at home to our many friends and patrons on and after the first of March, 1913. In the meantime we will be found at our old offices on the second floor, Union Bank Building, corner of King and Bay Streets, Toronto, Ontario, where our clients will be received with every courtesy.

"Correspondence Solicited."

## Campbell Realty Company,

UNION BANK BUILDING, TORONTO, ONT.

Telephone Main 7679.



or American companies. As a general rule interest earnings in Canadian companies is higher than in either American or British, the mortality is more favourable, and with a decreasing expense rate year after year there is no reason to doubt that on participating policies in most of our companies, profits will be as great, if not greater, than in foreign companies.

With the enormous development which is taking place here, the rate of interest on investments is bound to remain high, and as this is an important factor in a life company in determining profits, our people are wise in selecting Canadian companies.

The Blue Book for the year 1912 is the first to be issued under the new Insurance Act, and the amount of information given is vastly more complete than heretofore, and the ordinary person is able to see more clearly how the different companies stand. That part of the government report dealing with the movement of securities during the last six months of 1911 is particularly interesting. It deals with each company separately, giving the description of the securities, the par value, the price paid and from whom purchased, and in the sale of securities it gives the par value, the price paid for the same, the price or other consideration received and to whom sold. Real estate purchased or sold is also dealt with in the same manner, and in looking through the different transactions it is pleasing to note that, on the whole, the gains made in the movement of securities greatly outbalances

any losses made, which speaks volumes for the investment departments of the various companies.

The report also sets out the rates of dividends to policyholders declared during the year, or at the last previous allotment by the companies, and while this may not be generally understood by the companies, it is of the greatest interest to life insurance men.

The first time in the history of life insurance companies in Canada has the public had an opportunity of seeing how shareholders stood with respect to the different companies. All companies were compelled to show a shareholders' surplus account, and in place of the vast sums which some people expected would be standing to their credit, the amounts are comparatively small, and when this fact becomes generally known, people investing in life insurance stock in new companies will be chary indeed, more especially when one takes into consideration the fact that before a new company can be placed on a dividend paying basis, and that with the most economical management, a period of ten years or more must elapse; this has been the experience of practically every Canadian company. In the face of this knowledge, the formation of new companies is being attempted, but those under course of formation have, during the past year, met with little success in placing their stock, and like some others in the past, we doubt whether they will ever secure the amount of money required by the government before they can commence business.

## Insurance a Necessity

By W. N. GRIGG

**I**NSURANCE is the association of a group of individuals for mutual monetary protection against losses which may arise from contingencies common to them.

Man is still in the grip of the forces of nature. Science has made wonderful advances, but it has not completely rescued him from accident, disease, old age and death.

No elixir of life has been invented and the fountain of youth remains undiscovered. Science may help us to postpone our fate, but cannot avert it altogether.

It is remarkable, too, that science seems of necessity to introduce with new devices new dangers to life and limb.

The trolley car, the auto and the steam train are "mighty handy things," but they cost many lives just the same.

In fact, as fast as science saves us from one danger it delivers us to another. So that man needs protection not alone from the forces of nature, but also from the new dangers that modern machinery and transportation devices bring in their train.

**W**E usually distinguish life and property, but looked at from a monetary point of view the terms are identical—life is property, and healthy life is the thing of greatest economic value to the family and to the state. It is the basis of the state.

Yet, although almost everyone realizes the necessity for insuring his house and goods, many a man does not equally feel the necessity for insuring his life. Yet the latter is more important than the former, *e.g.*:

If money be worth three per cent., a healthy man at the age of twenty-five earning no more than \$500 per annum is worth over \$10,000; a man thirty-five years of age is worth to his family about \$9,000; a man forty-five years of age is worth about \$8,000, etc.; the monetary value of the life decreasing of course as age advances. If his earning power be one thousand dollars the values would be twice those quoted.

The value of the life constitutes the "insurable interest" which a man's family and friends have, and therefore a necessity exists for insuring the life.

It was necessity that caused men first to search out the insurance principle. Once discovered it was applied more and more widely, until to-day almost every contingency is provided for, including the most obvious one of death.

"**W**E profess ourselves to be the slaves of chance," says Shakespeare.

It is to escape from this enslavement to chance that insurance has been invented.

It is the aim of insurance to replace, in the financial world, chance and change with economic stability.

How can we do this?

We cannot foresee.

The race of prophets is extinct.

Yes, but though we cannot predict the fortunes of individuals we can study the records of the past and from our knowledge ascertain with great exactness the number of events of a certain character that will happen in a community—for instance, we can easily learn from public registers the number of deaths in one thousand at a certain age in one year.

Now, if we take a group of one thousand, and induce each member of it to agree to contribute such an amount of money as will, taken altogether,



MR. JOHN J. M. PANGMAN

The Chairman of the Montreal Stock Exchange became a member of the Exchange in 1896. His early career was spent in the Merchants' Bank at Montreal. In the early '90's he took a position in Burnett & Co., of which in 1894 he was made a partner.

pay a given indemnity to the families of such a number of the members as are expected to decease, then every individual of the thousand will experience the satisfaction of knowing that his family is immune from loss for the period of one year if he be one of the victims.

This is the A B C of insurance.

This is the simple principle that underlies every species of insurance, whether marine, fire, life, plate-glass, burglary or what not.

In short, by insurance the weakness of the individual disappears in the strength of the group, and financial stability so far takes the place of uncertainty.

**I**T was only the more obvious perils, such as shipwreck and fire, that were studied and provided against at first.

It was not supposed that the law of human life could be so mastered as to make it possible to calculate the premium each individual should pay to secure to the heirs of each dying during the year a given sum.

Yet this has been accomplished and a necessity provided after which the human race had been striving for thousands of years.

"Necessity is the mother of invention," and it was necessity that first caused men to apply the principles of insurance. At first it was in a crude way, but after long years exactness took the place of approximation—"facts were substituted for appearances and demonstrations for impressions."

In the Middle Ages multitudes undertook pilgrimages or went crusading. Such enterprises were full of danger, and it was the custom to leave a certain sum with a broker at the outset, which sum was to be repaid to the assured's family in the event of death; or treble the sum was sometimes guaranteed if the adventurer returned in safety.

Now, in another sense, we are all pilgrims who have set out upon a pilgrimage whence not one will return. The going is beset with innumerable dangers from disease and accident. Any moment may end the adventure—for life itself is the supreme adventure.

How compelling, then, is the necessity for insurance!

**A** CONVICTION of the necessity for insurance grows daily in the minds of the people as education spreads.

In this age we have many poor who are at the same time intelligent, and among such insurance in many forms is eagerly desired. In Europe particularly the demand for social insurance becomes daily more insistent and is assuming the proportions of a silent revolution.

**T**HE necessity for insurance is obvious for economic as well as sentimental reasons.

True it is, alas, that "The poor ye have always with you"—but nothing has done more to reduce the number of these dependents and ameliorate their lot than the institution of life insurance, which is in reality systematized benevolence.

Moreover, poverty is further reduced by life insurance in that the system promotes thrift on the part of those whose incomes are small.

Insurance is a specific for worry. The crowning evil of to-day is financial worry. It is the parent of misery and even crime. Whereas many of the luxuries of former times are now necessities, and people have become accustomed to living well, anxieties tend to increase in number and intensity.

The possession of adequate insurance allays this concern for one's future and that of his family, and so greatly promotes the sum-total of human happiness.

Life insurance is often used to guarantee credit. Where a debt has been incurred, the debtor can take out a policy of insurance making his creditor the beneficiary at least to the amount of the obligation. This is a use of insurance that "meets a long-felt want."

There is another pressing need for which insurance provides, namely, the protection of partnerships. Where these have been entered into, it frequently happens that apart from the capital he has invested, a partner may be very valuable to the concern on account of his reputation and social standing. In the event of his death the business would suffer. In such cases the partners may insure jointly, the amount to be paid to the survivor, so that the loss of his associate's active participation in affairs will not be so deeply felt.

**U**P to the present time insurance has been adopted in most countries by comparatively small groups only. In the future it may spread so as to include the whole of society, which may yet be organized under the Government as a great mutual insurance company.

Under such a system the citizens would constitute a huge organization for mutual helpfulness. Every citizen would enjoy a certain minimum of protection, although this might be supplemented by private companies.

"In the good old times" the obligation of the individual to the state was emphasized; to-day it is the obligation of the state to the individual. It is probable that this latter obligation will in part be discharged by means of some form of state insurance which would take its place among the great public utilities.

But "Time will tell."



## TAKE A TRIP

To Calgary, Edmonton, Medicine Hat, Moose Jaw, Regina, Saskatoon, Winnipeg, Toronto, or where you will. Then you will know that an investment in Victoria, wherever it may be, is gilt-edge security.

We can prove that inside property in particular in any of the above cities is double the price of equally located inside property in Victoria.

### There is Only One Victoria

Prairie towns are numerous, and, one as good as the other, as far as investments go. WHO SAYS SO? The people in the next competitive towns.

We have witnessed sales this fall at Moose Jaw, Calgary, Winnipeg, Toronto and Hamilton which would astonish you if you knew how they compare with Victoria values to-day. A 50-foot lot, five blocks from the so-called centre, changed hands to our knowledge in Moose Jaw at \$50,000, while we sold on Fort street in December double the amount of property closer to the centre of Victoria, for less than half this amount. You can buy it now, giving the vendor the profit he asks, for \$25,000. You will sell it at prairie prices before many months have passed.

We witnessed the sale of a small lot in Hamilton at \$70,000 that can be duplicated in Victoria, as regards comparative location, for just about half this price.

## Victoria

Is the Place and Now is the Time  
For Sure Results.

Prairie men are already arriving, the Eastern men are coming, the British investors are on their way, and, as an American capitalist and banker of Spokane said to me the other day: "When I buy property for speculation it will be on the British Columbia Coast, because I know that I can sell it at a good profit sooner or later to British investors. This class of investors cannot be induced to buy in the United States, and we Americans consider Canadian investments insured investments for that reason."

We have now properties bearing from 7 to 10 per cent. on the purchase price to you, on many of the central streets in business sections. Business lots, all sizes, from 30 feet to a solid acre, close in, for

### \$75.00

Per Foot Up

Any of which will double your money in a few months—perhaps in a few weeks.

## W. C. BOND

Pemberton Bldg.

Victoria, B.C.

## An Expert Summary

J. C. Mackintosh & Co., review the market of 1912 as follows:

"The Canadian stock market, viewed more especially from the standpoint of the Montreal Stock Exchange, has made tremendous strides during the year 1912. Perhaps never before in the history of the exchange has the market broadened out in twelve months to the extent that it has during the year just closing, and this development should result in it making perhaps still greater strides for some time to come.

"The most notable feature in connection with this development are, perhaps, the manner in which the Montreal stock market has broken away to a great extent from the influence of Wall Street, the very large increase in the number of traders operating in the market from all parts of the country, the willingness of large operators to swing very much bigger blocks of stocks than was thought possible back a few years ago, the larger number of securities traded in on the market and the ready call money market, which, for a great part of the year, permitted of all previous records being broken in point of view of shares traded in.

"The manner in which the market has grown and developed has served to show that Canada is going to have one great big market of its own, and that the Montreal market will be to this country just what Wall Street is to the United States or London is to England.

### C. P. R. Had Record Year.

"In the earlier months of the year C. P. R. stock showed phenomenal gains, and for a long time seemed to be on its way to the 300 mark. The advance was in anticipation of the valuable rights which would accrue to shareholders as a result of a large issue of stock which was under contemplation. In the past the large amount of C. P. R. stock held in foreign countries was regarded as one of the strongest features in connection with it. As things turned out this year, however, this was shown to have its exceptions, inasmuch as when the war broke out in Eastern Europe, German holders of C. P. R. were particularly heavy sellers and offered so much of it in the market that big declines took place, and these in turn, affected marginal accounts being carried in New York and Montreal. Towards the close of the year the company announced its plan of a further issue of \$60,000,000 of stock, bringing the issued capital of the company up to \$250,000,000.

"The year 1912 was certainly the greatest year ever enjoyed by Canadian car companies. The various railways of the country were so taxed to handle the increased business offering all over the country that orders for additional cars of all kinds simply poured in on the car companies, with the result that most of them for a greater part of the year were working night and day. The plant of the Canadian Car & Foundry Co., as the largest concern of its kind in the country, and representing a consolidation of a number of companies, shared to the greatest extent in this prosperity. The condition of affairs served to draw additional attention to the industry, with the result that two new large car construction companies were organized, both of which will be in operation during 1913. The Canadian Car & Foundry Co. has also decided to erect additional plants at Fort William and Vancouver. Notwithstanding the increase in capacity, it is believed that the demand for cars for a great many years to come will be so great that there will be ample business for all concerns now entering the field.

"Among the public utility securities greatest attention centered during the earlier part of the year around those of the Rio de Janeiro Tramway, Light, Heat & Power Co. and Sao Paulo Light and Power. The same interests were identified with both these companies and they worked out a consolidation of the two by the formation of Brazilian Traction, Light, Heat & Power Co. The company takes over all the interests of the so-called Pearson enterprises in South America, the smaller company known as the Sao Paulo Electric also being included in it. A big market was looked for for the securities of the new company and they started off in a way that made it look as though they would receive very considerable attention, but

## INVESTMENT

Having assisted in the organization of the companies and having specialized in their securities, we recommend the first mortgage Bonds of the following corporations as combining all the essential features of sound investment.

### TORONTO PAPER MFG. CO., LIMITED.

Of a total authorization of \$750,000, \$500,000 Bonds have been issued. The Bonds are due 1st September, 1942, and interest is payable 1st March and 1st September.

The depreciated appraised value of the plant is \$645,000, and the surplus of liquid assets over liabilities, \$200,000. Estimated net earnings for the year ending in April, 1913, are \$100,000, or three and one-third times the Bond interest requirements.

The Company's plant is situated at Cornwall, Ont., and consists of twenty-one buildings where high-grade paper is made.

At 98 these 6% Bonds yield 6 1-8%.

### THE SPANISH RIVER PULP & PAPER MILLS, LIMITED.

Six per cent. first mortgage Bonds of a total authorization of \$2,500,000 have been issued. These Bonds are due 1st December, 1931, and interest is payable 1st January and 1st July. The Bonds are secured by a fixed and specific first mortgage and charge upon all the immovable property of the company.

The appraised value of the pulp and paper mill buildings at Espanola, Ont., machinery, power development, etc., is \$4,157,021.75. The total issued bonds, therefore, is only approximately 60% of the actual appraised assets without placing any value on the 6,000 square miles of timber concession.

The surplus of liquid assets over liabilities at 31st October, 1912, was \$1,200,000, making the total value of actual assets behind the Bonds \$5,400,000, or over twice the Bond issue, with the surplus of liquid assets practically 50% of the entire issue.

At 98 these 6% Bonds yield 6.20%.

### CANADA MACHINERY CORPORATION, LIMITED.

The total issue of 6% first mortgage sinking fund bonds of this company is \$595,500. The Bonds are due 1st August, 1940, and interest is payable 1st February and 1st August. They are secured by a fixed and specific mortgage on all present and future real and immovable property and plant.

The annual statement for the year ended 30th June, 1912, showed capital investment of \$2,091,247.50, and liquid assets of \$503,489.21. The net profit for the year amounted to \$105,056.04, practically three times the amount required for bond interest.

The company is the largest manufacturer of wood and iron working machinery and tools in Canada. Plants are located at Galt, Preston, Hespeler and Hamilton.

At 98 these 6% Bonds yield 6 1-8%.

### DOMINION CANNERS, LIMITED.

Of the total authorization of \$2,500,000 6% first mortgage Bonds, only \$997,500 are outstanding. These Bonds are due 1st April, 1940, and interest is payable 1st April and 1st October.

For the year ended in April, 1912, after paying Bond interest, Preferred Stock dividend, and adding \$50,000 to the Insurance Reserve, the profits were \$161,118.39, or more than two times the Bond interest requirements.

The Company's factories are distributed over the fertile strip of Southern Ontario from Napanee in the East to Sandwich in the West, a distance of over 400 miles, which results in large savings in distribution as goods can be shipped to dealers from the nearest factory.

At 104 these 6% Bonds yield 5.70%.

Several of these issues are in \$100 denominations. Any of the Bonds may be purchased on our periodical Payment Plan. Complete details will be sent on request.

## DOMINION BOND COMPANY, LIMITED

DOMINION BOND BUILDING  
TORONTO  
VANCOUVER

DOMINION EXPRESS BUILDING  
MONTREAL  
LONDON, ENG.



in the latter part of the year the foreign situation which had affected C. P. R. stock so much, also affected Brazilian Traction, owing to the extent to which it is held in Berlin, and considerable selling from that market made it necessary for Canadian and London interests to take on very large amounts of the stock. London, particularly, has been a large buyer during the last months of the year, and on any improvement in the general situation, it is felt that there will be a big market for the securities.

"Halifax Tramway Co., during the year saw a change in the interests who are in control, this having been purchased by a syndicate which is headed by some of the interests also identified with the Montreal Tramway Co. The syndicate bought out the 400 shareholders of the company on a basis of \$160 cash.

**Banking Consolidations.**

"The process of consolidation among the banking institutions of the country has continued, the most important development of the year was the absorption of the Traders' Bank of Canada by the Royal Bank of Canada, this being the largest single deal of this kind which has been put through for many years. The Bank of Nova Scotia also absorbed the Bank of New Brunswick, which will result in one large institution for Eastern Canada. The banks of the country naturally enjoyed a very satisfactory year owing to the very keen demand there was for money throughout the entire twelve months, and almost without exception they showed very considerable increases in earning power as compared with previous years. Increased attention has been drawn to Bank stocks, owing to the fact that the banks generally are now adopting a policy of paying larger returns to shareholders. Most of the banks will also have to provide for additional stock issues during the next year or so, and these will mean valuable rights to shareholders in addition to dividends.

**New Securities Attract Attention.**

"The stocks of many of the more recent consolidations have also found a ready market, owing to the opinion that prevailed that many of them were fast reaching a dividend basis. Among such securities were Dominion Cannery common, Spanish River Pulp & Paper Mills common, National Brick common, Sherwin-Williams common, Western Canada Power common.

**Steel Companies Had Hard Year.**

"While almost every line of manufacturing in the country operated under favourable conditions, the steel industry again had a somewhat trying year, although the conditions in the industry showed considerable improvement over the previous year. The Canadian steel companies were affected most of all by the fact that the bonuses formerly paid ran out, and no provision had been made to have them receive increased tariff protection in their place. The companies have again petitioned the Dominion Government for a revision of the tariff to permit of their being accorded the same degree of protection as is given every other line of manufacture, and, as the conservative government now in power is generally regarded as a protection government, it is felt that some provision will be made in the next budget the government will bring down."

**Clearings at New Record**

Canadian bank clearings during the month of November, amounted to more than \$876,183,652, a new high record, and one that reflects an increase of 1.1 per cent. over the month of October, and of 11.3 per cent. over November of last year.

The following table gives the clearings for the past two years, last three months omitted:

	1912.	1911.
January	\$670,204	\$529,526
February	602,467	468,084
March	642,429	522,477
April	702,155	546,023
May	800,732	631,974
June	751,398	594,200
July	791,005	615,922
August	732,754	583,248
September	697,982	551,056
October	866,191	669,822
November	876,183	771,772
December	840,263	728,294

**MATURING BONDS  
Their Re-investment**

*There are a great many bonds and other similar investments maturing at this period of the year. The present market offers splendid opportunities for investment. We are prepared to make proposals for the retirement of standard bonds, shortly to mature, in exchange for suitable securities of desired maturity.*

Government Bonds	- - -	To yield 3.90%
Municipal Debentures	- - -	To yield 4 1-2 to 5 3-4%
Railroad Equipment Bonds	- - -	To yield 5%
Public Utility Bonds	- - -	To yield 5%
Industrial Bonds	- - -	To yield 5 1-2 to 6%

*Ask for our Bond List.*

**DOMINION SECURITIES CORPORATION  
LIMITED.**

26 KING ST EAST  
TORONTO.

LONDON · ENG ·

CANADA LIFE BLDG.,  
MONTREAL.

**THE STEEL CO. OF CANADA  
LIMITED**

**PIG IRON      BAR IRON      BAR STEEL**  
**RAILWAY TRACK EQUIPMENT**  
**Bolts and Nuts, Nails, Screws, Wire and Fencing**

**HAMILTON    TORONTO    MONTREAL    WINNIPEG**

**Willow River**

D.L. 788

This new "TOWN OF IMPORTANCE" on main line of Grand Trunk Pacific, and Pacific and Hudson Bay, at junction of Fraser and Willow Rivers, British Columbia "has opened up Canada's greatest treasure house" and "SPELLS OPPORTUNITY for the man or woman who wishes to judiciously invest a small or large amount." Lots \$10 down, \$10 per month; no interest, no taxes; 10 per cent. off for cash. Write today for maps, plans and printed matter.

Pacific Land & Townsites Co., Limited  
570 Pacific Bldg., Vancouver, B.C.

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**DYMENT, CASSELS & CO.**

MEMBERS TORONTO STOCK EXCHANGE

Bank of Nova Scotia Building,

TORONTO

**Investment Securities**

Correspondence Invited



# Looking Backward

*A Financial Review of the Year Which Has Just Closed*

By NORMAN PATTERSON

**L**OOKING backward over 1912 it is easy to see that it was the greatest year in Canada's financial and commercial history. For once the prophets foretold aright. In January last all the financial writers and critics prophesied a great year. The bankers and business men generally looked forward with considerable expectancy. The real estate men were buoyant. Even the working man counted upon continuous and profitable employment. And not a single class in the community has been disappointed. It was a great year.

January opened with the announcement of a knighthood for a leading financier, Sir Rodolphe Forget. Perhaps a superstitious broker might have accepted this as a good augury.

Two new bond houses were established in January: Murray, Mather and Co., in Toronto, and N. B. Stark and Co., in Montreal.

The Bank of Commerce decided to ask permission to increase its capital to twenty-five million dollars, and shortly afterward it was announced that it had bought the Eastern Townships Bank. This led to many rumours of bank mergers, but it was some months before these rumours took definite shape.

The Grand Trunk Railway announced that it was going into Boston. Since then it faltered on the job and this brought it into conflict with the authorities of the United States. The case is still pending.

The bank deposits in Canada declined thirteen millions in spite of the large January dividends. The bank clearings increased, being 678 millions, as against 533 millions in January, 1911.

## FEBRUARY.

**O**NE of the events of February was a banquet to Senator the Hon. Geo. A. Cox, on the occasion of his fiftieth anniversary with the Canada Life Assurance Co. Since this event Senator Cox has been taking less active part in the various companies with which he is connected, and one of the results has been that his son, Mr. H. C. Cox, was made president of the Imperial Life. However, the Senator's advice will still be available for the companies with which his name has been associated.

In the same month, Mr. J. K. Macdonald became president of the Confederation Life. There was talk of a big pulp merger in Quebec which never came off. An effort was made to boom mining stocks, but the year proved a very poor one for the mining boosters. The Smart Manufacturing Co., of Brockville, and two Welland foundry companies, were amalgamated under the name of Canadian Foundries and Forgings.

Early in the month Canadian Pacific stock began to boom and this was hastened by a report of earnings for the first week, which showed an increase of 87 per cent. over the same week in February of the previous year. The boom continued all month. Winnipeg Electric stock had somewhat the same history, and towards the end of the month the directors announced a new stock issue. About this time also came the decision of the Privy Council which made the company independent of civic control. It is pleasant to be able to record that Winnipeg Electric has taken no advantage of that decision and is working harmoniously with the municipal corporation.

The bank deposits in Canada went up four millions. The bank clearings were 612 millions, as compared with 478 millions in February, 1911. All railways showed considerable increase in earnings.

## MARCH.

**T**HE general stock market was rather quiet during March. The Toronto General Trusts increased its dividends to ten per cent. Richelieu and Ontario raised its dividend from six to eight per cent. Quebec Railway, Light, Heat and Power Company passed its dividend and this created quite a flurry in Quebec financial circles. Among the bond issues of the month were Dunlop Tire, a half-million; P. Lyall and Sons, one and a quarter millions; Ontario Pulp, one and a half millions; and a small issue of Ottawa Electric. The chief stock issue of the month was that of the Canadian General Electric, \$1,900,000 at 103. International Milling Company acquired the Calgary Milling Company and several Alberta elevators.

There was talk of higher money rates, which talk was fully realized before the year ended. The Canadian Northern put the Port Mann townsite on the real estate market. Bank clearings for the month were 653 millions, as against 577 millions in March, 1911. Bank deposits in Canada increased sixteen millions.

## APRIL.

**C**HIEF among the April features was the rise in Traders Bank stock. There were all sorts of rumours which finally simmered down to an amalgamation with the Royal Bank. When the announcement was made it was found that it was not a merger, but a purchase. The Royal bought the Traders, giving the shareholders 3 shares of Royal for 4 of Traders. The combined capital and reserve of the Royal was thus increased to 23 millions, making it the third largest bank in Canada.

The C. N. R. put the "Model City" townsite in Montreal on the market, as an adjunct to its tunnel through Mount Royal. Coquitlam, which is to contain the yards of the C. P. R., near Vancouver, was also put on the market. There was much talk of the navigation merger whereby Richelieu and Ontario absorbed Niagara Navigation. The Bank of Montreal increased its dividend from nine to ten per cent. The Montreal Street Railway and the Light, Heat and Power Co. were amalgamated under the name of the Montreal Tramways, with the necessary sale of bonds. Porto Rico Railways did some financing. Rio and Sao Paulo moved up the list, and a lot of insiders made money. This was the first indication of the merger which followed.

Bank deposits in Canada increased twelve millions. Bank clearings for the month were 714 millions, as against 556 millions in April, 1911.

## MAY.

**M**AY opened up with a big advance in Rio and Sao Paulo. This was the more mature results of the contemplated merger. The Dominion Steel Co. issued seven millions of preferred stock in London, England, and claimed to have received subscriptions for four times that sum. They were lucky that they did not wait until November.

The Eastern Car Co. was formed and a considerable issue of bonds and stocks was made with the guarantee of the Nova Scotia Steel Co. Sawyer-Massey, of Hamilton, issued three-quarters of a million bonds for the development of their agricultural implement manufacturing. The Monarch Knitting Co. also issued the same amount.

The month was rather wet and cold and there was a great deal of speculation as to whether or not Canada would have a bumper harvest. It was shown that the western wheat acreage had been increased by 700,000 acres. This meant, with good weather, that there was a possibility of a western wheat crop of 200,000,000 bushels, or an increase

of 30,000,000 over 1911. Some people were foolish enough to prophesy an even higher return.

Deposits in the Canadian banks showed a tremendous increase and for the first time in Canada's history they passed the "billion mark." In this case billion means one thousand million, although the dictionary does not give a similar definition of the word. The bank clearings showed one of the largest increases of the year. The totals for May were 814 million as against 643 million for May, 1911. This is an increase of over twenty-six per cent.

## JUNE.

**T**HERE was considerable business done in June. The St. Lawrence Sugar issued two millions of bonds and Bell Telephone one and three-quarter millions. Imperial Bank increased its capital one million, and Standard Bank did likewise to the extent of half a million. Sterling Bank increased its dividend from 5 to 6.

The Spanish River Pulp and Paper Mills and the Ontario Pulp and Paper Company were united, two shares of the former equalling three shares of the latter. The capital of Spanish River was increased to 3 million preferred and 4 million common. This was one of the big things of the year. The mills are located at Espanola, Ont.

Bank clearings for the month showed a total of 764 million as against 605 million in 1911. Deposits were tired after their burst of speed in May and showed only a slight increase. They were, however, 130 million greater than in June, 1911.

## JULY.

**J**ULY was the warmest month of the year and consequently financial business did not show any remarkable features. Nevertheless July was a busy month. The railways, the factories, and the people generally were busy with the great increase in business which had come to everybody as the January prophets had foretold. When a business man took holidays he usually had to apologize to himself and to his business associates for slipping away from the brisk activities of every day.

The Tuckett Tobacco Co. was formed to take over the business of George Tuckett and Sons, Hamilton. This was one of the sanest of recent issues. There was no common stock bonus. The two million preferred was sold at ninety-five and the two million common at forty. These were very good prices considering that the money market had begun to stiffen.

Toronto sent its Mayor and City Treasurer over to "Old Lunnon" to float six million of four per cent. debenture stock. The money bags were tied up pretty tight by the time they got there and they failed to get the combination. This incident created

## CANADA'S CHIEF STOCK EXCHANGE



The Montreal Stock Exchange is the oldest and may be considered the most important exchange in Canada. Its architecture corresponds to the dignified, somewhat austere piles of stone that made older Montreal before even the Bank of Montreal was built. It is situated in the heart of the financial district, about lower St. James St. and Notre Dame, and as may be noticed in the illustration—taken from a painting—is close to the picturesque and impressive towers of the great parish church of Notre Dame.



a little talk among the citizens of Toronto, but it is a safe guess that the leading Canadian financiers did not shed any tears over the incident.

Bank clearings showed a steady increase and amounted to 803 millions as against 628 millions in July, 1911. The percentage of increase was much larger in July than in the record month of June. Deposits showed a fair increase and stood at \$1,012,604,839 in Canada and \$77,838,807 outside of Canada.

#### AUGUST.

IN its issue of August 3rd the CANADIAN COURIER said: "Stock market prices are nearly at a high water mark on this continent. We are overly prosperous in both countries. Indeed, the world is over prosperous. For fifteen years there has been a steady movement upwards." This quotation indicates that some person or persons were giving good advice to the public which some of them did not heed. It was good advice in view of the stringency which has grown greater and greater since that time.

The Government Trade returns for the fiscal year ending March 31st were issued during August. The aggregate foreign trade of Canada amounted to 874 million and the exports were 315 million and the imports 559 million. Of the exports the United Kingdom took 152 million and the United States 120 million. Of the imports we bought 117 million from the United Kingdom and 356 millions from the United States.

During August the Shawinigan Co. issued 5 millions of new stock. Fairbanks-Morse issued a million of preferred. The Bank of Nova Scotia issued a million new stock at 240, and the Bank of Ottawa half a million at 200.

One of the features was the rise in C. P. R. stock and the announcement of the increase in capital. The rights were variously estimated to be worth from \$18 to \$21 per share.

Deposits showed their first decline of the year. They dropped to somewhere about eight million. Bank clearings were not so high as in July but they amounted to 746 millions as against 599 millions in August, 1911.

#### SEPTEMBER.

SEPTEMBER was an anxious month as the weather was not propitious for harvesting. The country people were looking for warm, dry days but they did not get very many of them. Nevertheless, in the end the grain was nearly all cut and harvested without much damage. The root crop, especially potatoes, was spoiled by wet weather and it was difficult to gather the corn crop. Nevertheless, harvest returns showed an increase all around.

Gordon, Ironsides and Fares, of Winnipeg, issued bonds to the extent of one and a quarter millions to develop their meat-packing business. The Laurentide Co. announced earnings of 10½ per cent. on its enlarged stock or about 20 per cent. on the old basis. This is one of several pieces of evidence that the paper makers are gathering in larger profits than were ever known in this industry in Canada. Sir Max Aitken came over to visit us and joined with Mr. R. B. Bennett in buying up about eighty grain elevators in the West. A company was duly formed and a flotation made in England.

Deposits in Canadian banks increased ten millions while the bank clearings were 708 millions as against 566 millions in September, 1911.

#### OCTOBER.

OCTOBER was the milling month. There was considerable interest in the returns from the milling companies which closed their year on August 31st. The previous year had been very unsatisfactory and everybody was hoping for an improvement. They were not disappointed. Much better results were announced. Western Canada Milling Co. showed a surplus equal to 11 per cent. on their common stock. Lake of the Woods had a surplus equal to 10 per cent. on the common. The Ogilvie Milling Co. did as well as Western Canada. The Canadian Cereal and Milling Co. did better than in 1911 but it was decided to re-organize the company so as to reduce capitalization and expenses.

Another bank purchase distinguished the month. The Bank of Nova Scotia took over the Bank of New Brunswick giving one share for one share with a ten dollar bonus. This gave the Bank of Nova Scotia a total capital and reserve of nearly fifteen millions.

Brazilian Traction, Light and Power Co., which is the new name for the merger of Rio and Sao Paulo, announced an increase in its net earning for September which was sufficient to justify the optimistic amalgamation which had taken place.

Canadian Pacific acted badly during October. On the 3rd it sold at 278½; on 17th at 268½; on 24th at 260; and on 31st at 262.

Bank clearings for October made a new record, 866 million as against 669 million in 1911. Deposits in Canada amounted to \$1,023,912,500.

#### NOVEMBER.

MR. D. LORNE McGIBBON announced his plans for a new sugar refinery at St. John, N. B., to be known as the Atlantic Refineries. It was also announced that the Acadia factory at Dartmouth, N. S., was rapidly approaching completion. This was necessary to replace the one burned down. Mexican Tramways offered 3½ million new stock at par. Dominion Textile increased its dividend from 5 to 6 per cent., the increased profits coming from Montreal Cottons Limited.

There were some personal events during the month worthy of special recognition. Mr. D. R. Wilkie was elected president of the Bankers' Association. Mr. Stykeman retired as general manager of the Bank of British North America, and Mr. H. B. Mackenzie succeeded him. Mr. J. W. Langmuir took the place of the late Mr. W. H. Beatty as vice-president of the Toronto General Trusts, and Mr. J. Englehart filled the vacancy on the directorate of the Bank of Toronto.

Terms on which the new C. P. R. stock would be issued were confirmed: 60 million dollars at 175. New stock to go to shareholders of record on January 2nd, with first payment of 20 per cent on February 13th.

Bank clearings beat October's new high record

#### DECEMBER.

by ten million. They were 876 million as against 771 million in 1911. Deposits fell in November about ten millions.

SOME personal changes occurred in December. The Bank of Montreal added three new directors, D. Forbes Angus, Huntley Drummond and C. B. Gordon. Mr. H. B. Meredith, the general manager, became vice-president in succession to Sir Edward Clouston. Mr. W. A. Black filled a vacancy on the Molsons Board.

The Quebec Bank announced a new issue of half a million at 125. A. E. Ames and Co. put out the Canada Interlake issue of a million at par. There was still talk of an amalgamation of Dominion Bridge and National Bridge.

One of the chief events of the month, if not of the year, was the long-delayed revised Bank Act. This was introduced into the House of Commons by the Minister of Finance. It contained nothing very radical, but some of the clauses will be especially useful. It may properly be termed a compromise bill. It gave the public some of the safeguards which it desires to have and it did not take from the bankers some of the privileges which they prized. The Bill, however, has not yet reached its final form as there is likely to be a pretty warm discussion of it in the House of Commons, when that august body of representatives re-assembles in January.

## Loan Companies and Building Societies

THE importance of our loan companies and building societies throughout Canada is hardly recognized by the ordinary person.

Had it not been for the loan companies and building societies in Canada to help in the development of the country the Dominion would not have stood in the important position which it does to-day.

The past year has been one of unwonted prosperity in connection with our loan companies. Money has been in great demand, interest rates have been high, and the whole trouble which companies had to contend with was not the seeking of new loans, but the selecting of the better class which was offered them. Notwithstanding the great demand of money, payments on principal when they fell due were well met, as was also the interest.

Western provinces, which are always seeking more money, has brought about this state of affairs. Land speculation not only in farm lands, but in city and town lots, and suburban extensions, has been prevalent, and we believe that one of the strongest reasons that the tightness of the money markets during the past few months has been the enormous sums which have been invested in the securities we have just mentioned. Loan companies in Canada depend largely upon the sale of debentures for securing funds, and the readiest sale which they have for this class of investment is in the United Kingdom.

The first debentures of which we have any record of were issued in 1874, and then only to a limited extent, the amount being under \$20,000, and when one takes into consideration the fact that the debentures issued by Canadian building societies and loan companies and trust companies of Canada which were outstanding in the first of the year amounted to as follows:

Debentures payable in Great Britain or elsewhere, \$72,155,411.00, and payable in Canada to the amount of \$23,618,629, one can appreciate the favour in which they are held. Outside of the debentures which the companies issue, their only other resources are the amount they receive on deposit, and there are only a few companies in Canada taking deposits. In this respect no doubt on account of the failure of many banks during the past two or three years deposits of loan companies have very materially increased, and while in 1907 the amount on deposit was only about \$17,500,000.00, the amount on deposit in January, 1912, was \$33,742,512.00.

The amount of capital stock subscribed on the 1st of January, 1912, was \$99,684,699, and the paid-up capital was a trifle over \$62,000,000, of which practically \$42,000,000 is in Ontario companies, which is properly called the "Home of Loan Companies of the Dominion." Of the amount of deposits held by the different institutions fully \$25,000,000 is held in Ontario companies, and of debentures payable in Canada practically the whole amount is issued by Ontario companies, and of the debentures payable elsewhere, including debenture stock, the amount issued by Ontario companies is practically \$40,000,000. The reserve funds of the companies on the first of the year amounted to \$28,264,105, of which \$19,000,000 was held by Ontario companies.

To show the vastness of the undertaking carried on by loan companies and building societies we have only to instance the fact that current loans secured on real estate throughout the Dominion at the first of last year amounted to \$222,365,634.00, loans secured on municipal securities and loan company debentures, together with loans on their stock, amounted to practically \$3,000,000, while the total loans outstanding was \$248,164,260.00. In the assets to be found among the companies is over \$11,000,000 of municipal debentures and other securities and debentures owned, and cash on hand amounted to \$11,415,231. As a matter of fact the total assets on the 1st of January, 1912, was \$389,701,988.

To show the confidence which the public have in the better class of these institutions it is only necessary for us to state that the amount received from depositors during 1911, the latest complete record which we have, was over \$66,000,000, and the amount borrowed altogether for investment purposes during that year was \$81,522,474, and to better illustrate the movement in these securities we might mention that the debentures issued during the year was \$23,344,731, and the debentures paid during the same period was \$11,874,218.00. The amount loaned during the year was \$53,816,294, and the amount of principal and interest received from borrowers was \$52,817,785.00. The amount of dividends declared by the companies during the year mentioned was \$4,206,103. It speaks well for the care with which investments are made by loan companies that, of the \$181,649,813 invested and secured by mortgage deed, the aggregate amount of mortgages upon which compulsory proceedings were taken during the year 1911 was but \$617,482. That the sale of loan company debentures, especially of Ontario companies, should be an attractive investment not only to Canadians but to foreigners as well, is easily understood from the fact that during the whole period of loan companies in Ontario, notwithstanding a few companies have failed, not one dollar has been lost to either the debenture holders or depositors, and at the present time, in any compulsory winding up proceeding of a company, they rank *pari passu*. The one great safeguard in respect to the class of securities we have been mentioning, namely, debentures, is that all companies are limited in the amount they can issue, and the same applies to the amount of deposits they can accept. Companies which have been issuing large amounts of debentures, year after year, have little or no trouble in renewing them as they fall due. The holders, once they recognize the little trouble there is in looking after their investments and the promptness with which the interest is paid, together with the security offered, even though the rate of interest earned may be less than that obtainable in mercantile or industrial companies, are quite content, and this applies not only to the people of independent means.

Another feature with respect to loan companies as compared to that of banks is, that these companies must make a yearly return to the Government setting out in detail practically every phase and feature of the business which has taken place during the year.



# Imperial Bank of Canada

Established 1875

Capital Authorized	- - - - -	\$10,000,000
Capital Paid-up	- - - - -	6,675,000
Reserve Fund	- - - - -	6,675,000

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Head Office: 31 Scott St., Toronto

Assets December 31, 1911	\$26,906.76
Liabilities do	337,306.07
Surplus do	589,600.69
Security for Policy Holders	967,910.97

The Strongest Canadian Non-Tariff  
Company

F. D. WILLIAMS, Managing Director.

### THE TIME OF GOOD RESOLUTIONS

It is meet that at the advent of a new year—the beginning of a new cycle—we should “take stock” of what has been accomplished, and resolve anew not to leave undone these things which promote our own betterment and the good of others.

Among the good resolutions of every thoughtful man will be the decision to take immediate steps to adequately provide for his loved ones by a reliable life insurance policy, such as is offered by

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## Two Prize Competitions

The Canadian Courier offers two cash prizes for essay competitions which will close March 1st.



### \$25 Cash Prize

for the best thousand word essay on the subject, "Canada's Most Profitable Manufacturing Industry."

Some industries have a high capitalization and pay very little wages. Others have a small capitalization and pay a large sum annually in wages. Some manufacture raw products grown in this country, and others raw products bought abroad. What industry is most suited to this country as regards raw product, capital required and wages paid?

All the information required will be found in Bulletin I, Census 1911, published by The Census Department at Ottawa. A copy can be secured by writing Mr. Archibald Blue, Chief Statistician, Department Trade and Commerce, Ottawa.



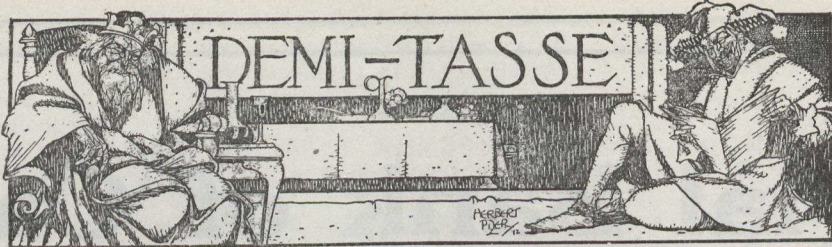
### \$20 Cash Prize

For the best thousand word essay on the subject "Canada's Greatest Manufacturing City." Here population must be considered. The greatest manufacturing city is the one which will produce the highest value of products and pays the largest amount in wages according to population. Toronto and Montreal, tested in this way, are not the greatest manufacturing cities in this country. They are simply the largest. This competition will also close on March 1st.

All the information necessary for such an article will be found in Bulletin I, Census 1911. Drop a post card to Mr. Archibald Blue, Department of Trade and Commerce, Ottawa, and a copy will be sent you.

The Editor's judgment will be final and the decision will be announced in the Canadian Courier of March 19th. If several good essays are received in either competitions, second and third prizes may be awarded. Unsuccessful essays will be returned if stamps are enclosed for that purpose.

Canadian Courier,  
Toronto.



#### Courierettes.

PRIZE hen in Chicago was sold for \$800. Worth her weight in eggs.

Toronto clergymen are invited to see—free of charge—a burlesque show on Jan. 13. The inaugural session of the City Council will be a strong counter-attraction.

A Washington woman got 30 days in jail for smoking a cigarette in a park. It must have been a very bad cigarette.

Ontario lawyers want a divorce court. Certainly. More grist for the mills of justice—and incidentally more fees.

King George forced the Prince of Wales to leave his club at Oxford because of a "ragging" episode. The old-fashioned way would have been to take a club to the boys, instead of taking it away from him.

Hundreds of British suffragettes are praying for the vote. It was an English politician who said that elections are not won by prayers, and the women will find that the same remark applies to the vote.

Sir John Willison says he never made a dollar outside of journalism. Let's take up a collection for him.

A Montreal preacher disguised himself and went to a burlesque show. He had the company arrested for giving an indecent show. Now he should be in line for a vaudeville engagement.

Jimmy Archer, the Cubs' catcher, insists on a salary of \$10,000 next season. Better to be a star ball player than a bank manager.

United States produces yearly 500,000,000,000 cubic feet of natural gas—and no accurate estimate can be made of the other kind.

A Cincinnati magistrate ordered fifty women of the underworld to go to church four Sundays in succession. No, he did not intend it as a punishment.

People who read some Toronto papers and swallow all they find therein must conclude that Toronto is a fine city to stay away from.

**The Limit.**—Brown—"Black is the meanest man I know."

White—"Why?"

Brown—"He was sued for breach of promise and was ordered to pay the woman \$500. Then he married her."

White—"Married her?"

Brown—"Yes—so he could keep the money."

**Sounds of the Times.**—"What's that cracking sound?"

"Oh, just another New Year resolution gone."

**Of Course Not.**—Briggs—"I like that lady's style."

Griggs—"But you wouldn't like to pay for it."

**A Pertinent Query.**—According to an official report there are 75,000 water takers in Toronto. As the city claims a population of nearly half a million, the natural query is—what do the others drink?

**A Tough Test.**—In a certain Canadian cooking school the girl students are required to eat the food which they prepare.

Some authorities seem to have such small regard for the safety of human life.

**One on Lewis Waller.**—Mr. Lewis Waller, the eminent English actor who is now touring Canada, told a group of Canadian dramatic critics the other day an amusing little jest, the point of which is at his own expense.

It concerns the fact that Mr. Waller has been favoured by five

royal commands to give plays before King Edward and Queen Alexandra, as well as other crowned heads. This is a greater share of royal favour than other English actors enjoyed, and at the Green Room Club several Thespian friends of Mr. Waller were discussing the news of the fifth command performance, which had just been sent to the actor.

"Funny thing that Waller gets all those commands," grumbled one member of the club. "How does he do it?"

"Don't you know the reason?" replied another actor. "You know the Queen is a little bit deaf in one ear, and Waller shouts louder than the rest of us."

#### Current Slams.

A MARRIED woman in Iowa is said to have hoodwinked 500 love-sick bachelors who answered her matrimonial advertisements and sent her money. She is to be sent to prison. What a pity she wasn't given a medal, and the 500 fools sent to prison for a few days to teach them to appreciate a joke.

Strangest thing happened in Toronto last week—several business men were elected to the city council. All the evening papers are worried over it.

Morgan took his, but Rockefeller hesitates to tell the Pujo Commission what he knows about the "money trust." Glad to know Morgan wasn't really as bad as the man who gave Chicago a university.

**Didn't Like the Attire.**—As visitors to the capital know, a statue of Sir John A. Macdonald, on Parliament hill, stands just a little above that of the late Queen Victoria. A rural couple, visiting "The Hill" for the first time, paused before the statuary. "Pretty fine likeness of old Sir John," remarked the male half of the delegation.

"Very nice; very good, indeed," agreed his better half, as she sized up the Queen Victoria monument, with its sceptre and flowing robes, "but I don't care very much for the clothes worn by Mrs. Macdonald!"

**Turned Down.**—Mr. Business Man tried the other evening to get his household to apply a bit of business system to housekeeping. It will be some time before he tries again.



"Compliments of the season, Peck! Are you making any New Year's resolutions?"

"No; it isn't necessary—my wife's mother is coming to live with us."

The dessert at dinner had met with general approval.

"Now," said Mr. Business Man to the women of the household, "you ought to make a note of the name of that dessert. Do that for some time with each dessert that we all like and then you won't have that I-wonder-what-would-have-for-dessert worry."

Mr. Business Man's wife smiled. Then she said: "Now we might just as well understand each other right now. I wouldn't mind putting into practice some of your fine schemes, but if I did you would want to keep up the good work. And first thing I know you would be coming home with a nice little card filing system."

#### Nursery Rhyme—Revised Edition.

SING a song of two bits,  
A pocket full of beans,  
The king had just three copper cents  
In his blue business jeans.

The fat gink went and spent them  
And had to go to jail.  
The queen then pawned her marcel waves  
To get him out on bail.

The king went to his bankers  
To get his pass-book done,  
The queen just cussed the postman  
Because he didn't come.

The laundress in the backyard  
Was hanging out the clothes  
When 'long came the ice-man (saucy thing)  
And kissed her on the nose (or beak).

**"Kidding" the 1913 Candidates.**—Recently on this page, were related one or two incidents of candidates being heckled by fun-loving ratepayers, and several more such stories have recently cropped up—some old and some new.

Arthur Frost, a young man who aspired in vain to be a Toronto alderman last week, gave his audience ten minutes of pure comedy on nomination night and made Speaker W. H. Hoyle, of the Ontario Legislature, almost tumble off his chair with laughter, when the interrupters got on his trail.

He announced that he would, if elected, vote to establish a home for the feeble-minded.

"I am interested in the case of a young woman—"

That was as far as he got for a minute or two. When the noise subsided he began again—"Never mind, boys, I have been married a year and a half."

That only made it worse. Every time the unhappy candidate opened his mouth he put his foot, metaphorically speaking, farther into it, and the audience emphatically refused to take seriously any statement he might make.

Another candidate began like this—"I have been 17 years your representative."

"Seventeen years too long," came the ready retort from the back of the hall.

Ald. J. A. Austin was addressing a meeting of Ward Six ratepayers, and having a rather hard time of it on account of frequent interruptions, when at the end of his speech he said—"Now, if any elector has a question to ask—"

Instantly a joker was on his feet.

"I would like Ald. Austin, who is on the Board of Health, to tell us how many flies the Medical Health Officer caught last summer."

A coal dealer, who was an alderman candidate, arose impressively and began—"Do you want your tax bills reduced?"

"No," came the answer, "never mind about the taxes—tell us where we can get cheaper coal."

A Hebrew candidate in Ward Three based his claims on the fact that he came to Toronto a slum boy and was now worth \$100,000 and could write a cheque for \$50,000.

Somebody wanted to know "who would cash it?"—and another wanted to know why such a plutocrat qualified on a leasehold.

**The Difference.**—Three Canadians have been knighted by the King. Several disappointed Canucks feel benighted.



# Dr Aram

By  
Effie Adelaide



# Kalfian

## Rowlands

### SYNOPSIS OF OPENING CHAPTERS.

DICK EMBERSON, aged twenty-five, of Ardwell Court, Sussex county, England, has become engaged to Enid Anerley. He is summoned to London by a letter from Denise Alston, a widow, whom he had loved and who still loves him. He tells her of his engagement. She says that she will not give him up, and she shows him a letter which greatly worries him. Soon after his return, his home burns down, and his father's body—the head missing—is found in the ruins. Searching about Dick found a sleeve link bearing the initials "A. K." His attitude towards his friends shows a decided change. The arrival of a detective from Scotland Yard makes Dick's position more difficult. He finds it harder to maintain the incendiary story. The detective believes there is a mystery to be solved. Dick also has a mystery to solve. The two men go to work, each basing his efforts on his own theory. Dick seeks out Dr. Kalfian at his London abode and has an exciting interview. As he leaves he is attacked by Kalfian's bodyguard and saved by a detective. Shortly afterwards Kalfian disappears and the rest of the story is occupied with Dick's search for him.

### CHAPTER XII.

#### The Writer of the Warning.

WHEN an honest man pits himself against a knave in a war of wits, he generally gets the worst of it. The announcement of Kalfian's departure came as a staggering blow to Dick, and yet he felt, with a bitter sense of humiliation, that he ought to have foreseen and guarded against the danger of that proceeding. Yes, in the first moves of the game, Aram Kalfian had decidedly scored. There was however a strain of bull-dog tenacity in the young man's nature which refused to accept defeat! Even whilst he ground his teeth with impotent rage at the check administered, he mentally vowed to be even yet with his antagonist—to follow him, if it were possible, to the end of the world. But he had first to strike the latter's trail; and this threatened to be no easy matter, for the caretaker had evidently been well-coached; and met each and all of his questions with a stolid "Dunno" or "Tain't none of my bizness!"

Dick held up a sovereign between forefinger and thumb, saying persuasively: "Come now, think a little; you must have heard or seen something which would give you an inkling of the direction of the Doctor's journey."

At sight of the gold piece, a hungry gleam came into the woman's dull, fishy orbs, and a patch of colour to each yellow cheek; but she shook her head, and putting her hands behind her as if to keep them out of temptation reiterated, albeit in a lower key, "I dunno nothin' about it."

Dick dropped the sovereign back with an ostentatious flourish into his waistcoat pocket and shrugged his shoulders.

"Pity," he remarked carelessly, "you are so much the poorer; you don't often have the chance, I should say, of gaining twenty shillings so easily. It does not matter to me, I shall easily find out what I want to know elsewhere. Good-day to you."

He made a feint of departure; the woman caught his arm as he was turning away.

"You won't split on me if I tells you somethin', will yer?" she asked hoarsely; "e'd pay me out cruel if 'e thought I'd gabbed."

"Do you mean Dr. Kalfian?"

She nodded apprehensively.

"No, don't be afraid, he shall never learn that I got my information from you."

Thus re-assured, after a furtive look round as if she suspected lurking eavesdroppers in every corner, the woman bent forward and whispered low:

"Well, I dunno for certain; but from what I 'eard 'im say to that man of 'is, I fancy 'e's gone fust to Paris."

"He left no address for letters to be forwarded?"

"No; said 'e didn't expect none."

"Didn't you hear him tell the cabman what station to drive to?"

She gave a little mirthless snigger.

"'E whispered it too low for me to hear, but the cabby, not catchin' it quite, sez after 'im, 'Charin' Cross Station, is it, gunvor?' With that, the Doctor 'e gives a angry sort of a snort and steps into the cab."

"And that is all you can tell me?"

"Every bit, sir," wistfully. "I suppose it ain't worth the quid."

"You shall have it anyway; and look here"—hastily scribbling down name and address, Dick gave it to the woman together with the gold piece—"if you should find out anything more definite, let me know; you shall be well paid for any information you can give me."

The two friends turned and walked away. Ted Alston, who had maintained his role of passive observer in the foregoing scene, felt, it must be confessed, slightly curious as to its meaning; but true to his promise, he asked no questions. After one glance at Dick's absorbed face, he silently fell into step with him and awaited patiently the result of his cogitations.

DICK realised that this was no blind flight from danger, but part of a well traced out course of action, in which he, himself, counted for little or nothing. No doubt at their last interview the Doctor had already received his marching orders from headquarters (his mission having been successfully carried out); and when asking for the interval of three days, had calculated that he should be out of reach by that time. Probably his stay in Paris would be short; if not overtaken there, it would mean a long chase from capital to capital of Europe; and should the scoundrel once suspect that he was being followed, dangers and difficulties innumerable would be thrown in the pursuer's way.

How to catch him in Paris? To catch him and wrest from him that which Dick Emberson valued more than life or property? This was the question which the latter asked himself again and again, until his eyes met by chance that mute inquiring appeal of his friend's glance, when, in a trice, the answer presented itself. Through Ted's uncle, Pierre Marcel, the writer of this anonymous letter which had been placed in his hands by Mrs. Alston; he lived in Paris. The fact of his having sent that warning proved that he must be somehow or other in touch with the mysterious community of which Kalfian was but a humble tool. In all probability he would be able to give the information needed.

"Do you know your uncle's address in Paris, Ted?" he asked, coming to a sudden halt, and turning an eager face to his companion.

"Yes; he has a house in the Rue Victor Hugo," replied the young gentleman staring at his friend in open-mouthed astonishment; he could not see any possible connection between his uncle, Pierre Marcel, whom Dick, to his certain knowledge, had only met twice, and the latter's mysterious business at Peckham Rye.

"What's the number?"

Ted told him, this time amazement got the upper hand of discretion, and a half-involuntary "Why?" escaped his lips.

"Because he is the one man in the world who can help me, if he will!" was the agitated reply. "Ted, you must return to the Lindens alone, and explain that I have been obliged to go to Paris."

The person addressed shook his head with great decision.

"Sorry I can't oblige you," he remarked coolly. "You must send a wire from the station. I am coming with you, old chap; don't think you are going to shake me off so easily. The fair lady to whom we have both sworn allegiance has so ordained it."

"This is no time for jesting, Ted," said Dick gravely; "you don't understand the position; and, worse luck, I can't explain it to you; but I may have a long and dangerous quest before me; for me there is no turning back; but there is no earthly reason why you should attach yourself to my forlorn fortunes, or mix yourself up in what is, at best, a desperate hazard."

"There is every reason in the world," replied the other hotly, "beginning with that common and oft-misapplied term friendship. I have always thought ours was the real article—warranted to bear strain and stress; but," reproachfully, "it seems you doubt me, Dick, since you expect me to drop off scared at the mere mention of danger. Why, man alive, if our expedition has really a spice of peril in it, I shall be all the better pleased."

THE speciousness of this plea did not in the least deceive Dick; he knew that it was attachment to him and not a thirst for adventure which animated Ted; and, against his own will, he was touched by the other's staunch fidelity, touched and also shamed; unconsciously to himself, there had always been a slight element of patronage in his relations towards the younger comrade who had taken him as his boyish ideal of manly perfection.

Stretching out his hand with a smile which lent a wondrous sweetness to a face recent events had made grave and stern beyond its years, Dick answered simply—

"As far as I am concerned, I shall be glad enough to have you, old chap. I could not wish for a better man—a more loyal chum."

The hands of the two men met in a grip more eloquent than words; and Ted's generous heart swelled high with happiness as he felt that the friend who, for some to him unknown reason, had seemed to be drifting out of his reach, had returned to him.

Dick broke the silence which ensued with a short, impatient sigh.

"There is so much I cannot explain to you, dear lad," he repeated miserably. "I feel such a curmudgeon in having to ask you to take everything on trust!"

"Don't worry about that, old chap," replied the other promptly. "So we start for Paris to-night, eh?"

"Yes, we start for Paris to-night," Dick replied gravely.

It was about noon the next day when the two friends, having crossed by the night-boat, presented themselves at Pierre Marcel's house in the Rue Victor Hugo.

That gentleman greeted his nephew warmly; but his manner towards the latter's friend was a trifle constrained and embarrassed. He seemed also nervously anxious to keep up the ball of conversation, inquiring volubly after the health of various friends and connections in England, and expressing again and again his regret that his wife and daughter were away at the seaside, and so would lose this opportunity of seeing their nephew and cousin. At last he paused a second from sheer lack of breath; and Dick Emberson, who had been impatiently awaiting his opportunity, quickly seized it.

"The events of the past week must be known to you, Monsieur Marcel," he said gravely; "and you guess, no doubt,

(Continued on page 34.)

## The Inside of Your Clothes

is hidden from casual inspection—but it is upon the honesty of the interior that wearing qualities and style largely depend.

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# MONEY AND MAGNATES

## A Maker of Mergers.

**E**ARLY in 1910 the securities of Dominion Canners, Limited, were offered and now the company is earning approximately \$100,000 yearly. This is after paying bond interest and preferred dividends, also providing for a sinking fund and placing \$550,000 annually in insurance reserve.



**MR. G. P. GRANT**  
President of Dominion Bond Co.

The factories of the company are scattered over a large area and each is under a local manager. The whole system is supervised by the head office in Hamilton. All the important persons on the executive staff in Hamilton and the local managers are practical and experienced canners. This distributing of the factories has many advantages. For instance, a failure of a certain crop in a certain district is, with this system, hardly felt, and another advantage is a material decrease in transportation expenses.

The company has its own can factory and lithographing plant. The latter, besides supplying the labels, also does much outside work for the trade in other lines.

The product of Dominion Canners (canned vegetables, fruits, meats, jams and jellies, and gallon apples, for which there is a good market in England) is of a high quality and much in demand.

The company was organized by Mr. G. P. Grant, president of Dominion Bond Co. Mr. Grant is probably the youngest of Canada's leading financial men. He is a director in Canada Machinery Corporation; Carriage Factories, Limited; Dominion Canners; Ontario Pulp & Paper Co., and Tooke Brothers.

He was born at Port Hawkesbury, Nova Scotia, in 1882. His first flotation was that of Carriage Factories, Limited. This was followed by his organization of Canada Bolt and Nut Co. At the same time he was organizing Dominion Canners, Limited, and in 1910 the securities of this company, which has been so successful, were offered. Mr. Grant has had a hand in the beginnings of other firms, and latest among these are Toronto Paper Manufacturing Co., which was formed in the summer of 1912, and A. Macdonald Co. This latter is a merger of big wholesale interests in the West.

## Winnipeg News—New Mayor.

**A**S is the case with her sister cities of the Dominion, Winnipeg has the job, every little while, of choosing the man who is to be boss of her civic affairs.

Recently Mr. Thomas R. Deacon was elected Mayor of that city for 1913.

A great responsibility rests on Mr. Deacon's shoulders during his term of office as controller of the destinies of that great and growing "Grain City."

He was born near Perth, Ontario, in 1865. After attending Pembroke High School he matriculated to University of Toronto. Here he studied civil engineering and in due course graduated with honours. For some years he practised his profession in Kenora, Ont., and for four years he was on the municipal council there. At present he occupies the position of president and general manager of the Manitoba Bridge and Iron Works at Winnipeg.



**T. R. DEACON**  
Mayor-elect of Winnipeg for 1913.

## The Coming of U.S. Steel

**F**OR years there has been talk of the United States Steel Company coming into Canada. For years it has had a site selected at Sandwich, and was simply waiting for the favourable moment. Now it has decided that Canada is big enough to bother with. In a way, this is extremely complimentary, and shows that Canada's prosperity and progress are favourably regarded by the big financiers of that tremendous concern.

Of course the talk here is, "How will it affect the present Canadian companies?" No doubt it will make them hustle, but they have a good start and should be able to meet all competition. The Canadian demand at present is greater than the Canadian supply, and there will be orders for everybody even when the U. S. Steel Co. builds a new wire mill, a rail mill, a structural steel mill, and a bar mill. There should be plenty of room for this new twenty-million-dollar plant.

The coming of U. S. Steel will probably kill any chances our present companies may have had to get the bounties restored. It may, however, lead to a favourable revision of the duties, as no doubt the new company will not be adverse to higher duties on the particular lines which it intends to manufacture in Canada.

Nothing is more indicative of Canada's progress than the large number of branch factories being established each year in Canada by United States firms.

## January Investments

A selected list of Government and Municipal Securities and Bonds of prosperous, well-organized companies with good records of earnings, adequate assets and efficient management.

These have been chosen with a view of combining every safeguard which experience, judgment and conservatism can indicate.

	Approx. Yield
<b>PROVINCE OF ONTARIO</b>	
4% Debentures. Due 1941. Interest 1st Nov. and May. Free from Ontario Provincial taxes and succession duties .....	3.90%
<b>CITY OF OTTAWA</b>	
3½% Debentures. Due 1928. Interest 26th March and September. Denomination \$5,000 .....	4.50%
<b>HAMILTON ELEC. LT. &amp; CATARACT PR. CO.</b>	
5% First Mortgage Bonds. Due 1929. Interest 1st April and October. Denomination \$1,000 .....	4.90%
<b>CITY OF FORT WILLIAM</b>	
4½% Debentures. Due 1930. Interest 1st April and October. Denomination \$1,000..	5.00%
<b>INTERNATIONAL TRANSIT CO.</b>	
5% First Mortgage Bonds. Due 1925. Interest 1st January and July. Earnings over 4 times bond interest. Denomination \$500	5.50%
<b>ST. LAWRENCE SUGAR REFINERIES</b>	
6% First Mortgage Sinking Fund Bonds. Due 1932. Interest 1st June and December. Denominations \$100, \$500, \$1,000 .....	5.83%
<b>AMERICAN SALES BOOK CO.</b>	
6% First Mortgage Bonds. Due 1927. Interest 1st April and October. Denominations \$100, \$500 .....	5.92%
<b>CANADIAN INTERLAKE LINE</b>	
6% First Mortgage Sinking Fund Bonds. Due 1927. Interest 1st April and October. Denominations \$100, \$500 .....	6.00%
<b>INTERNATIONAL MILLING CO.</b>	
6% First Mortgage Sinking Fund Bonds. Due 1930. Interest 1st January and July. Denominations \$500, \$1,000 .....	6.00%

January "Investment Bonds" giving full particulars on request.

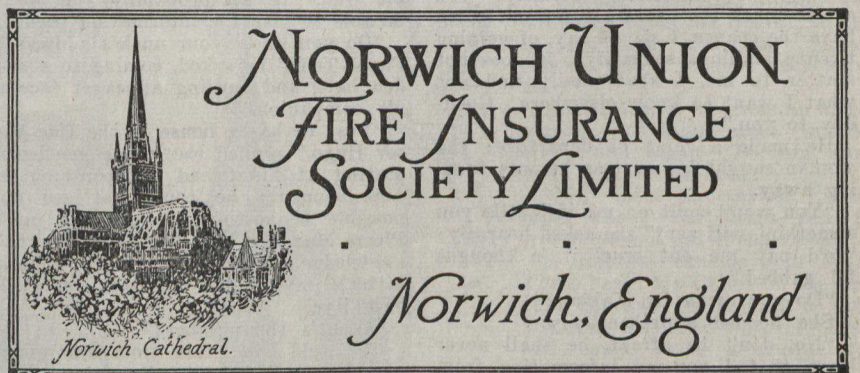
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12-14 Wellington St. East, Toronto



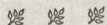
The Americans are much more active in this work than Britishers. The latter are more inclined to purchase new Canadian industries than to establish branches of their own.

**On and Off the Exchange.**

**Homes on Insurance Plan.**

**D**URING the year a contract was closed with the National Construction Co., of Winnipeg, for the construction of 100 modern cottages, to be erected at Moose Jaw. These cottages are to be sold on the insurance plan. Immediate possession will be given a purchaser upon his first payment down. After this the schedule of payments will be similar to the arrangements of premiums of the twenty-year endowment policies of the leading insurance companies.

The prices of these houses will range from \$3,000 upwards. The Imperial Bank is to act in the capacity of agent for the building committee and will receive payments.



**News of the Port of Montreal.**

**T**HE shipping season at Montreal closed a few weeks ago, when the last ocean ship cleared for sea. With the exception of a few small ships and lake vessels the harbour will now be deserted till the spring.

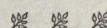
Strange to say, during the season that has just closed, only 736 ships came to the port, whereas 762 found berths there in 1911. The ships of the 1912 season must have been larger than those of the year before, however, as the total tonnage for 1912 exceeded that of the 1911 season by some 66,000 tons. The total tonnage for 1912 season was 2,403,924 tons.

The customs revenue was \$4,000 in excess of that of last season, the figures being \$57,500. The total revenue of the port for this year was \$461,396.43, as compared to that of last year, which was only \$430,623.19.

Montreal has fine harbour and docking arrangements, now, with the recent improvements, including the new floating dry dock, etc., and it is a shame it is not accessible from the Atlantic all the year round.

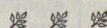
The Canadian plant of the Vickers Shipbuilding Co., at Maisonneuve, can be, according to Sir Trevor Dawson, developed into a very large and important industry. Sir Trevor looked over the site of the plant while he was here after the arrival of the floating dock, which was built by his firm, the Vickers Shipbuilding Co. The site is an ideal one, he says, and he is very well pleased with it.

Montreal is certainly some port now, but when this enterprise materializes and is in full swing it will do a whole lot more to shove her harbour and commercial prestige up a notch.



**Statement of Northern Crown Bank.**

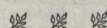
**A**T the seventh annual meeting of the Northern Crown Bank, which was held a short while ago in Winnipeg, it was shown that the net profits of the bank for the year ending Nov. 30th amounted to \$291,094. These figures show an increase of about \$5,400,000 over 1911 profits. The earnings for 1912 constituted 13.18 per cent. on the capital, and 1911 earnings were 12.94 per cent. Total deposits held on Nov. 30th amounted to about \$15,672,000. This bank, under Sir D. H. McMillan, President, and Mr. R. Campbell, General Manager, is a go-ahead institution.



**Fire Losses.**

**I**T is estimated that Canada has the greatest waste from fire of any country in the civilized world. This waste is on an average of \$3.07 a head per year, and although in the United States they run Canada a close second in this matter, their annual waste being about \$3 per capita, in Canada we always manage to keep our average higher. Now, in European countries the general average in this regard is about 33 cents.

We shrug our shoulders and say, "Oh, well, it's up to the insurance companies." Quite true, but do the insurance companies not come back by raising premiums? Surely the waste must be felt somewhere. Imagine at \$3.07 per capita per year what the amount of waste would be.



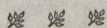
**Montreal Clearing House.**

**T**HE past year was a good one for the Montreal Clearing House. The total increase of business is reported as aggregating pretty nearly half a billion. Comparative figures are:

1912 .....	\$2,845,470,000
1911 .....	2,368,490,000
Increase .....	\$ 476,980,000

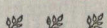
Every month in 1912 showed an increase in business over the corresponding month in 1911.

Mr. John P. Knight, secretary of the Canadian Bankers Association, completes his twelfth year of service in position of manager of the Clearing House.



**Big Earnings for Brazilian Traction.**

**T**HE net earnings of the Brazilian Traction, Light and Power Co. for November are \$1,006,271. Compared with the combined earnings of Sao Paulo and Rio for same month of 1911 an increase of \$200,007 is shown. Total earnings from September to November, inclusive, amount to \$2,964,501.



**An Appointment.**

**M**R. Tancrede Bienvenue, the well-known Montreal banker, has been recently elected a director of Guardian Assurance Co.

Mr. Bienvenue started out with La Banque de Jacques Cartier, remaining in its service till 1900, when La Banque Provinciale was organized. He was appointed a director and general manager of this institution and still holds that position. Besides, he is a director of Travellers Assurance Co. and Crown Trust Co. He had a hand in promoting Yukon Trust Co. and the Murray Bay Lumber and Pulp Co.

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ALEXANDER LAIRD ..... General Manager.  
JOHN AIRD ..... Assistant General Manager.

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The Travellers' Cheques issued by this Bank are a very convenient form in which to provide funds when travelling. They are issued in denominations of

\$10    \$20    \$50    \$100    \$200

and the exact amount payable in the principal countries of the world is shown on the face of each cheque.

These cheques may be used to pay Hotels, Railway and Steamship Companies, Ticket and Tourist Agencies and leading merchants, etc. Each purchaser of these cheques is provided with a list of the Bank's principal paying agents and correspondents throughout the world. They are issued by every branch of the Bank.

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**"Gosh"**

(Continued from page 6.)

loosely, that if you fall into it even in the sloping freedom of the yard piles, you find it hard enough to get to the bottom with your head and shoulders clear. And in a big coal pocket, whether the spout be closed or open, it seems to be in the same constant motion. Alternately and unceasingly it is lodged and released by corrugated iron walls, and sustaining beams, and funnel gutter. A chunk of large coal thrown into it will keep it running from nowhere to nowhere for ten minutes. In this alone it possesses a quality of the diabolical.

Gosh had worked little in slack, but he knew it, and he spread himself as he dropped. He closed his mouth tightly, and began to "swim" with the sliding coal. For much of it was still running in a direction away from him; and by that he knew that the captain was still moving; the coal would itself almost take him to his boss. Yet, with every movement of his own, too, in that thick blackness, he seemed to bring down more tons of it. Again and again his hands and arms and almost his clogged-up nostrils were buried.

But just as long as he kept himself flat and moving, he knew that he would "float." Not knowing this, Ryan or Carrol, or even Lieutenant Hannan himself, wholly fearless as they were under conditions to which they were accustomed, would in a matter of seconds have been taken with quicksand panic. . . . He heard something come slating down behind him. He knew it was one of the roof lines. But, "The way it is now," he told himself, "I reckon I better not wait to go back for it."

He could hardly see. "Gosh, I wish my winders wasn't so dirty," he breathed. But he blinked them a little cleaner. And the next moment he had made out the captain's hand and arm. The fingers were opening and shutting horribly. Another half-dozen feet, and he had hold of the wrist. Then, abandoning all heed for himself, he began to "heft him out." He had almost no lifting, no lever power, and at moments he was half-strangled. But the captain had gone in bowed over, he had his face in the hollow of his left arm, and his shoulders were barely below the surface. Gosh worked a leg under him, lay back, and heaved. Yet to "heft" him even eight inches, he had to let himself go down at least twenty. Once he had allowed himself to leave the horizontal, all support and foothold dropped from under him as if he were in the "sand" itself. Like quicksand, too, it sucked.

He was in to his hips as he felt the captain's head and the arm still vised over mouth and nose. "I guess he—he didn't have no rag with him," Gosh explained it. He pulled his own handkerchief loose, groped for the captain's face again, bent the arm down, and knotted the handkerchief.

The dust acted upon him at once like that mandarin method of suicide, the gold-beater's skin. One inhalation through the mouth, and the throat seemed to coat and close completely. "I'm needin' that line now," was his thought—as he choked—"and now I ain't got it. . . . Why don't they keep—keep makin' tries with it?" He wondered if it was possible to shout without taking in air. He tried, and produced only that dry, soundless sound we utter in nightmares. But, though every moment going deeper, he fought on to keep the captain up.

As in all such cases, the nerve-breaking thing was the terrible slowness, or seeming slowness of those who should come to help. But all the while, through the murk and above the slide of the coal, he could hear them shouting—and, high over all, the commanding snarl of the lieutenant. Some of them were wanting to come down. "An' on'y bury the two of them!" rasped Hannan. With the word, however, other lines began to come—three, four, five of them. Yet Gosh's eyes were so dirty now that he could not see them. With the arm he didn't need for the captain, he kept waving crazily about his head in the hope that one of those ropes might strike it. At last it did.

The line was noosed, too. Putting forth an effort which sank him below the armpits, he got it over the captain's head and shoulders. It was loose upon him, though. And, while he drew and drew on it, it seemed to grow only

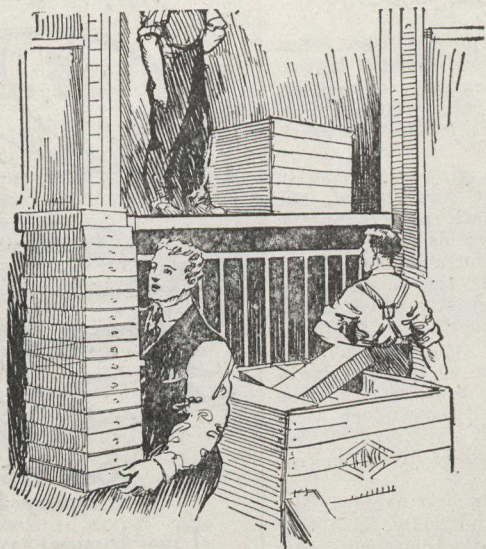
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looser. In the semi-consciousness in which he was now laboring and suffocating, he thought he heard some one saying that they'd let go of it at the other end. But, his fingers closing on it by chance, he began to strain again.

It was the signal for which they had been waiting. He felt that roof line grow taut. And, at the same time, it tightened upon himself—upon his forehead and upper arm. He could just perceive that some one else was being lowered into the pocket—when he felt himself drawn against the captain till he was bound to him, and then commenced to rise! . . . What had happened was this: The noose end of that rope had, as it fell, double-looped into the shape of a two-leafed clover. In getting the one side of it over the captain's shoulders he had got his own arm through the other. And, in one of his attempts to tighten the loop, he had turned it about his arm a second time.

IN the interview in that upstairs room, none of those things which ought to be said after heroic rescues was said at all. The captain was sheepish, and still blackening handkerchiefs. The lieutenant had that in his memory which made his position both awkward and confusing. As for Gosh, he was the least comfortable of any of them, since, among gentlemen, he who sees his fellowman a debtor to him in an amount he cannot pay, must always be the most uncomfortable.

But the captain finished somehow. "We're recommendin' you for a medal," he said again. "It's a big thing as the department can give, but you'll see you'll get it."

And, three months later, on the eve of parade and presentation day, they called him up again for a little necessary coaching.

"You see, you never been at a review," said Hannan. "And you wouldn't want to make no breaks, now, nor anything."

"Gosh, no!"  
"They're presented by the mayor, y'know," said the captain, "an' the chief, an' a big bunch of judges, an' a lot more like that. And we was just thinkin', the loot'nant an' me, that if they got talkin' to you, an' you had to do any talkin' back—on'y to answer questions, o'course—" He halted again and looked sorely at Hannan. Both of them knew exactly the thing they wanted to say—but they could not say it.

"Sure," said Hannan. "As the captain was expressin' it, you want to be just sort of a little careful in the kind of lingo—in the way you speak to them, y'know."

Gosh looked very nervous, and yet as if they had helped him. "Gosh," he said, "I reckon I'll have to get through it some way. But maybe, now, one of you fellows 'll be there to set me right?"

### Not a Banner Year

(From the Toronto News.)

THE year 1912 was not by any means a banner year for the Toronto brokers. Bonds appeared to be in much better demand than the stocks. Bonds valued at \$1,711,220 changed hands, as against stocks valued at \$1,168,329. Last year the bond sales totalled \$1,998,230, and the stocks \$662,645.

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## Dr. Aram Kalfian

(Continued from page 29.)

the purport of my presence here. But first let me thank you from the bottom of my heart for the warning, which came, alas! too late; its futility does not in the least diminish my debt of gratitude."

Ted's uncle was a grey-haired, portly little man; his face was shrewd, but genial; his eyes black and twinkling, his complexion ruddy; his whole appearance that of a comfortable bourgeois; but at Dick's words the colour faded in his cheeks into ghastly streaks, and he raised his fore-finger to his lips with a look of startled apprehension. His next proceedings was to rise and move softly and silently towards the door which he opened with a sudden jerk. There was no one in sight, and closing it again with a sigh of relief, he returned to his seat.

"There are subjects best avoided, Mr. Emberson," he said hurriedly, "and this is one of them; walls sometimes have ears. I am sorry I was not able to be of real service to you. You said just now, however, something about my being able to guess the purport of your presence here. I do not wish to do so; for my own safety, and for yours, it is necessary that I should attach no particular importance to your visit; that I should see in it only the polite attention of a casual acquaintance—my young nephew's friend. You understand?"

"I understand; and yet—forgive me, Monsieur Marcel, if I insist! I have counted on your help; and should you fail me—"

"I cannot help you. It is impossible!" interrupted the little man, with ever-rising agitation. "You don't know what you ask, in what danger you may be placing me."

"No one but yourself need be aware of my identity," replied Dick soothingly. "My name was not given to your servant. I am simply your nephew's friend; there can be nothing surprising or suspicious in the fact of his coming to see you immediately upon his arrival in Paris, nor of his bringing his chum and travelling companion along with him."

"Perhaps you are right," replied Monsieur Marcel, evidently reassured; "perhaps I am alarming myself unnecessarily. Still, you must forgive me if I seem inhospitable, and beg you not to come here again; it can do you no good, and it may seriously imperil me." "Only answer me a few questions," pleaded Dick, "and I will trouble you no more. Do you know, or can you ascertain for me, if Dr. Aram Kalfian is at present in Paris? I have reason to think he arrived yesterday, and, if so, where I am likely to find him?"

"I have not Dr. Kalfian's personal acquaintance; and I know nothing whatever of his movements," was the curt reply.

"Yet," persisted the young man, "you knew of his being sent to England; you knew the nature of his mission there."

ONE glance at the resolute face of his interlocutor showed Pierre Marcel that it was impossible to avoid the explanation forced upon him; and he resigned himself, albeit with a rather bad grace, to the inevitable. First, however, he took his precautions. Turning to his nephew, he asked—

"Are your ears sharp?"

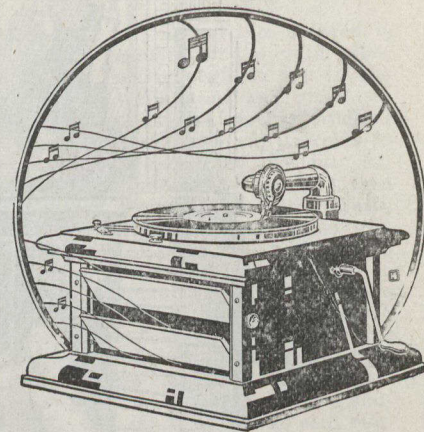
Rather surprised, Ted answered in the affirmative.

"Then stand close by the door," was the curt command, "and keep guard. If you hear the sound of stealthy footsteps outside, say nothing; but move back towards us. I have reason lately to suspect that I have a spy in my household; that is why your friend's presence here so alarms me."

Ted having taken up his post, Monsieur Marcel turned a pale, serious face to his other visitor.

"Now, monsieur," he said, "I am at your service. You say I knew of Kalfian's presence in England—that I knew also the nature of his mission. It is true. I learnt both by chance. I have business transactions with—he hesitated a moment, as if for a choice of words, then went on hurriedly—"with the Circle to which Kalfian and others belong. I know the rules of the community: the stern justice it metes out to traitors. In my business capacity, I was employed to make certain enquiries

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which led to a disastrous discovery. When I handed in my report, I fully realized that it would prove a certain man's death-warrant; but I had no choice: it was his life or mine, and, after all, it was justice—he had betrayed his trust."

Dick's eyes fell as if shamed; his head drooped forward on his breast. An expression of profound pity crept into the elder man's face. As if anxious to close a subject unutterably painful to both, he added quickly, "Influenced by motives of humanity, I tried in indirect fashion, to save the culprit; but, as you know, in vain."

"The penalty has been paid," replied Dick sombrely. "As you say, after all, it was justice. Grim, savage, but still justice. The punishment even of a betrayed trust, however, should end with the life forfeited. In this case, as you know right well, it has not ended; and the shame of what follows rests upon my innocent shoulders. Put yourself in my place, Monsieur Marcel," he cried passionately; "imagine yourself bereaved as I have been, robbed as I have been! Would you not count it your duty, your solemn duty, to prevent further sacrilege? To recover what desecrating hands have ruthlessly stolen? Would you not feel that your honour, your happiness, were alike at stake? Could you, in my place, tamely submit to the ignominy? Ignore it? Go through life with that ever-present horror? Eat, drink, sleep with the ghastly remembrance for ever haunting you? No, no, a thousand times, no! You would act as I am prepared to act; you would risk your life, if need be, to accomplish your purpose."

The other shook his head slowly and in melancholy fashion.

"At your age, my young friend," he answered, "I should probably have argued as you argue; but time brings wisdom and teaches us to bow our heads to the inevitable. Deeply as I sympathize with you, acutely as I feel the truth of all you have urged, I cannot close my eyes to the hopelessness of the task you have set yourself. Supposing you find Aram Kalfian, do you imagine he will tamely abandon what he has risked so much to obtain? He dares not—his own life would pay the forfeit. If you enlist the services of the police, the whole miserable story will become public property—yet what can individual action do in the face of a vast conspiracy? These men are always on their guard against attack; at the first breath of alarm, what you seek would be passed on from hand to hand out of your reach. Your one solitary chance would be to gain by stratagem what you will never obtain by force. Kalfian knows you by sight, I suppose?" he added, after a moment's reflective pause.

"Yes," was the grim reply. "He is not likely to forget me; at our last interview I had him at my mercy; my pistol was at his head. Would to God I had blown his brains out!"

"Thank heaven, rather, that you were saved from such criminal folly," said Monsieur Marcel, sternly. "Had you yielded to such a mad impulse, at the present moment you would be within prison walls, and your name would be a target for the world's scorn."

Dick coloured hotly at the reproof, seeing which the other continued—

"What about my nephew? Does this man know him also?"

"No; they have never met."

"Then he must take the lead in this matter," was the quick reply. At this moment young Alston, who had been bending forward, his ear close to the door, suddenly straightened his figure, and came towards them, one hand half-raised as if in warning.

"So nothing will suit you, Ted," cried Monsieur Marcel, in clear, ringing tones, "and you, Mr. Franks, but a trip round the world? Well, I like your spirit! We will drink good luck to the expedition. My dear boy, you are nearest to the bell; please ring."

SOME considerable time elapsed before the summons was obeyed, which monsieur filled by dragging out atlases and Baedekers, and making a great show of consulting them; finally, a man-servant appeared—not, both visitors noted—the one who had previously admitted them. This was a good-looking young fellow, with dark eyes set rather closely together; there was nothing suspicious about his manner as he promptly executed the orders given him by his mas-

ter, beyond a certain cat-like stealthiness of movement which seemed natural to him, and the fact that, as he set wine and glasses on the table, he favoured each of his visitors with a prolonged stare.

"That will do, Jean," said Monsieur Marcel affably, "leave the door open as you go—it is insufferably hot in this room!"

By the time the glasses had been filled and emptied, the soft pat, pat of Jean's footsteps had died away in the distance.

"We are safe now for the moment," said the master of the house hurriedly. "I was remarking when we were interrupted, Ted, that you, being unknown to Kalfian, must be the one to approach him."

Dick hastily interposed.

"Your nephew, sir, is the best friend I have in the world," he said; "but even he knows nothing of this miserable story, although he has volunteered to fight for my cause, he is completely ignorant of its justice or injustice."

"It is yours, my dear boy," placidly remarked the person mentioned, "that suffices for me. This much, however, I have gathered from what you have said. Firstly, Kalfian has in his possession property of yours which you are determined at all risks to regain; secondly, for private reasons, it is inadvisable to seek the aid of law or police. Am I right so far?" Dick bent his head gravely. "Then you have only to describe the object stolen to me; and my uncle to point out the fellow, and I will answer for the rest. I will follow him up like a sleuth-hound; willing or not, he shall be made to disgorge, I promise you!"

The eyes of the other two men met over Ted's head in a glance of grave interrogation. Neither of them seemed to be convinced by his cheery optimism.

The elder first broke the silence.

"It is just possible," he said, addressing Dick, "that my nephew might succeed where you are bound to fail; but to do this he must be taken further into your confidence. The subject is too painful a one for you to discuss—without entering into particulars, have I your permission to give Ted a few strictly necessary details?"

Again Dick bent his head in silence; then rising slowly, walked towards the window and turning his back to the room, gazed with unseeing eyes out into the street.

TED made a half-involuntary movement to recall him; a keen distress was depicted on his sensitive face; it was hateful to him to have in a sense to force his friend's confidence. Yet how could he help without a fuller knowledge? It was clearly impossible! With a resigned sigh, he turned to his uncle, and the latter nervously whispered a few words in his ear. Only a few words, but their ghastly purport stole the colour from the young man's cheeks, leaving them a chalky pallor. Recalling Dick, Monsieur Marcel said gravely:

"I spoke only the truth when I told you I was in ignorance of Kalfian's present movements; but I knew a meeting of the 'Circle' is held to-night; it is probable that it is convened especially to hear his report." Dick shuddered, and the elder man continued. "I will attend it, and let you know the result. Where are you putting up?"

The young man gave the address of a small hotel in the Rue St. Honore; and then Monsieur Marcel, having first made sure that the coast was clear, himself ushered the two friends out.

His last words, uttered in nervous haste, and with many backward glances over the shoulder, were:

"Return to your hotel and do not stir from it until you hear from me. I shall communicate with Ted, it will be less dangerous. I am giving you all the aid I can," he whispered in Dick's ear, "at considerable personal risk; in return, I ask your solemn promise that you will never come here again; and that you will send me neither message nor letter. Remember," here his voice took a note of solemn warning, "what has happened once, may happen again, and will, if it is ever suspected that I have meddled in the matter."

(To be continued.)

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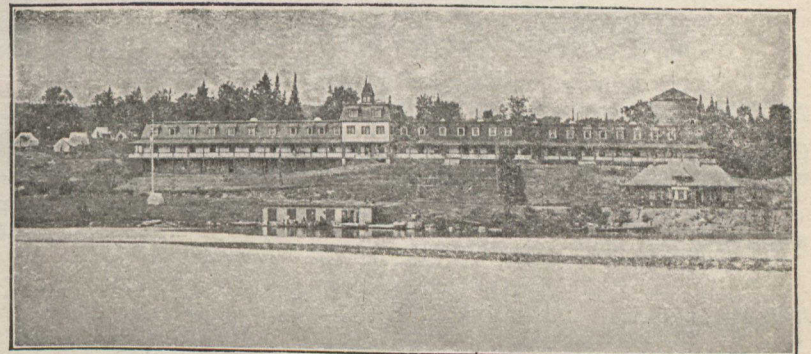
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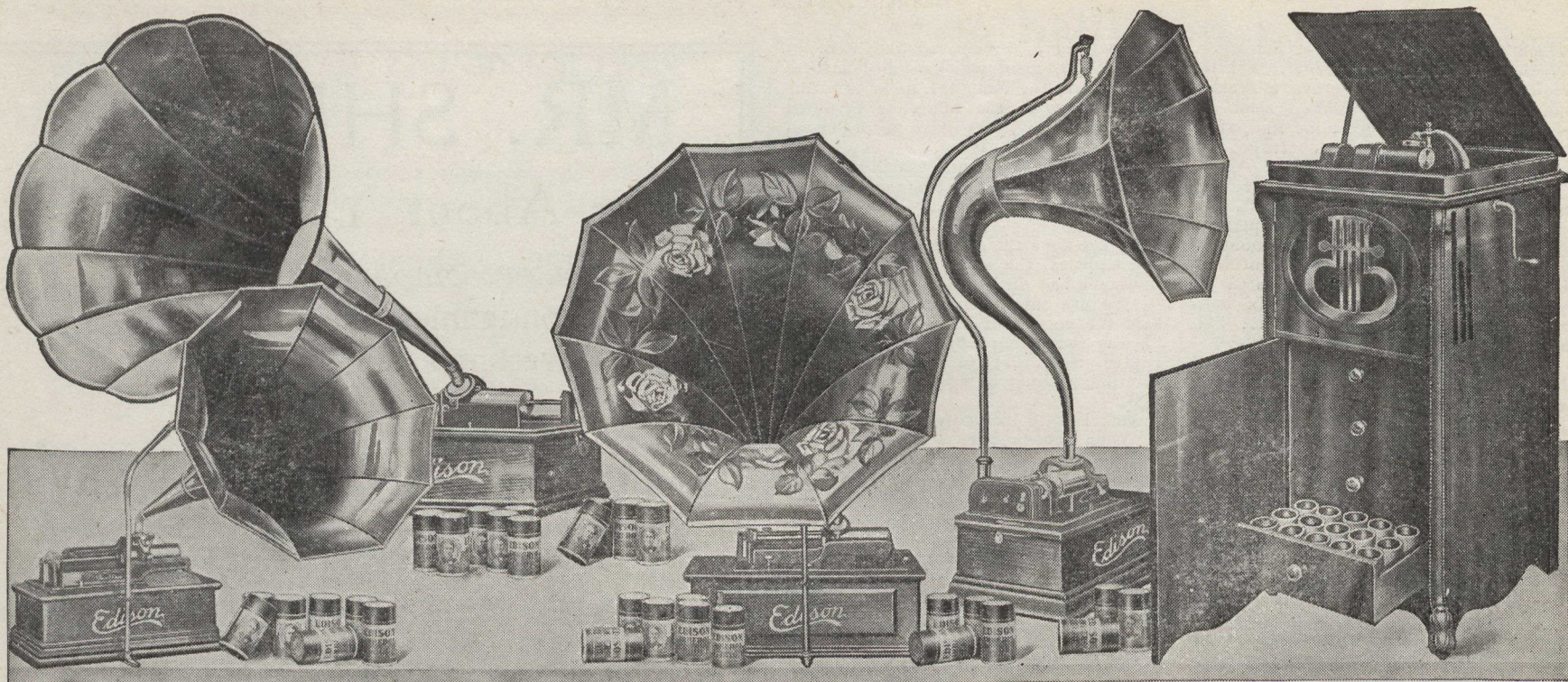
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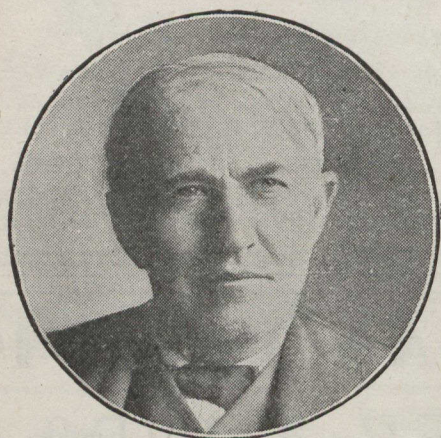
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