

we should discover that what we are doing is to provide material to help our gallant sons and their fellow Britons to win the war, and that there is no one to pay for this material ultimately but ourselves and the Motherland. Therefore, in the monthly letters issued by this Bank we have constantly preached thrift in order to discourage people from spending that which as a nation we cannot afford to spend. We repeat once more that every dollar any Canadian saves, whether he buys a war bond thereby or indirectly enables the banks to do so, is one dollar more of power to win the war, and that particular dollar no one else can provide if he fails to do so. We are told by every one who visits England, and especially by those who have also seen the battle line and the conditions there, that in Canada we act as if no war existed.

EXTRAVAGANCE.

I have referred to the motors and the silks, but they are only examples of an extravagance which is observable in every direction. We should undoubtedly forbid, or at all events heavily penalize, the importation of all luxuries; municipal expenditures should be further curtailed and all projected improvements first submitted to the criticism of provincial commissions; we should not think it amiss if the expenditures of individuals at eating places are legally restrained and meatless days are instituted. I am not endeavouring to say in what direction economy should be enforced in Canada as it has been in England, but beyond a doubt it must be enforced in many directions if it is not voluntarily adopted by our people.

INDUSTRIES AND RESEARCH.

We are not now discussing after-the-war conditions so much as we did a year ago—we have realized that our first duty is to win the war—but there are matters which prudence demands should not be neglected. I am glad to see that a very eminent man has been appointed as the head of a commission established by the Dominion Government for the purpose of scientific research in connection with our industries and our natural resources. We have on the one hand manufacturers craving for help in the questions arising in their business which depend on skilled knowledge in chemistry, physics, metallurgy and other branches of learning, and we have on the other laboratories and skilled members of the faculties of our universities keen to solve these difficulties. We want some local machinery to bring these two together, and our provincial governments, aided by our boards of trade, could bring this about. If both manufacturers and governments are willing to join in the expense, which ought not to be burdensome, a bureau which would receive such problems and determine the cost of investigating them would place us in a position to begin this great work at once.

EFFICIENCY IN PRODUCTION.

We know that the future prosperity of the country with its load of war debt, depends upon greater production in the field, the pastures, the forests, the mines, the sea and in the workshops, and we cannot afford to be behind any nation in the world in efficiency when the fierce race for success in trade follows the war. In the West the provinces must spend liberally to improve agriculture and to encourage the increase of live stock, and whatever is possible must be done to enable the farmers to market their crops at the best time and to improve the conditions surrounding their homes. Nor can we afford to see the valuable fishing industry of British Columbia, which supplies forty per cent. of our fish, decline on account of the unskilled methods employed in both the salmon and the halibut fisheries.

MAKING MUNITIONS.

A year ago we were able to make a few not very well-connected remarks regarding the manufacture of munitions in Canada. We sought, however, to convey at least some idea of the scale on which we were working, and to indicate that there are very few of our industries that cannot aid in the cause. Although very many goods are being shipped and contracts carried out which do not come within the operations of the Imperial Munitions Board, the War Purchasing Commission, the Department of Agriculture, or the British War Office Purchasing Department at Montreal, such information as can be gathered as to the operations of these bodies is useful. The shipments through the Imperial Munitions Board comprise empty, fixed and complete shells, also fuses, brass cartridge cases, steel forgings, cordite, tri-nitro-toluol, etc. During 1916 the total disbursements were about 320 millions of dollars, and while we have no information on which to hazard an opinion as to the scope of operations for 1917, it is at least suggestive that the actual business completed during the year amounted to about a million dollars a day and that many manufacturers are only now ready to deliver certain kinds of shells to the full capacity of the plants established for the purpose.

WOMEN EMPLOYED.

A year ago women were but little employed in making munitions, now they are working by thousands in munition factories, and while much delay was caused by the necessity of creating new shop conditions for them, this has been accomplished in many factories, and we can but hope that thousands more of our women will come forward for this work and thus release many men for the front. When we consider that there are 600 factories in Canada and Newfoundland from the Atlantic to the Pacific, all making munitions night and day, three shifts of eight hours, or for the women in some cases, four shifts of six hours daily, we can get some sense of the scale of operations. The supervision of all this requires

between 3,000 and 4,000 inspectors and 600 other employees.

OUR SOLDIERS' EQUIPMENT.

This is all on Imperial account, but we find that the work of the War Purchasing Commission appointed by the Dominion Government is on a similar scale. For the first year or more practically everything required for the upkeep of our army in England and France was supplied by Great Britain on our account. Since then we have tried to supply its requirements direct from Canada, although this is possible only in the case of some articles. We have no knowledge as to the total amount expended by the Commission, but the following items will be interesting:—

Clothing, boots, etc.	\$35,000,000
Motor trucks and other vehicles	3,000,000
Accoutrements	3,000,000
Arsenal supplies, cartridges, rifles, machine guns and revolvers	17,000,000
Drugs and surgical instruments	1,000,000
Furniture, hospital supplies and stores	6,000,000
Transportation of troops to seaboard and to England, over	10,000,000
Maintenance of men while in Canada, not including pay, about	35,000,000

The Commission has purchased about 3 million pounds of fresh fish, about half on Canadian and half on Imperial account.

WAR PURCHASES.

The purchases on Imperial account by the Department of Agriculture for the year to 23rd December, amount to 186,000 long tons of hay, 450,000 tons of oats, equalling nearly 30,000,000 bushels, and 187,000 tons of flour, the amount expended in this way being over \$37,500,000.

Among the purchases of the British War Office Purchasing Department at Montreal for the past year, are the following items:—

Cottons and woollens	\$1,000,000
Food stuffs—cheese, canned meats and vegetables, etc.	20,000,000
Miscellaneous merchandise of iron and steel ..	1,500,000
Other miscellaneous merchandise	1,500,000
	\$24,000,000

There are, of course, thousands of articles not mentioned here which are made in Canada, the cost of which represents many millions; indeed it is a most gratifying fact that Canada has been able to produce nearly everything required by our army, the exceptions being binoculars, machine guns, revolvers, motor trucks, and some less important articles.

Since the war began we have learned much in the workshop, in the chemical and physical laboratory, in the refinery, in the counting house, in finance, indeed in every walk of life. We have been able to form some estimate of our value among the forces of the Allies, from the boy in the trenches to the father at home who is backing his son in so many ways, but do we realize that what we do, or do not do, may turn the scale on which depends victory or defeat? Our responsibility for the future of the Empire and of Canada is so great that there is no room for slackness. We must do, not many things, but everything that will help to win the war.

Our great banks touch the life of the community so closely and at so many points that the remarks of Mr. John Aird, the General Manager, who dealt chiefly with the progress of the Bank, must interest every Canadian.

General Manager's Address

The shadow of the great European war has been the dominating influence in business affairs during the year through which we have just passed. No important new transaction could be undertaken without considering the effect of the war, and in the conduct of the affairs of a great fiduciary institution such as a bank it has been necessary to give more consideration to the factor of safety than to the factor of profit. Under these circumstances we feel that you will be well content with the results which we lay before you to-day.

The Bank's profits for the year under review were \$2,439,415, an increase of \$87,380 over the figures of the preceding year, a trifling sum when you consider the increased amount of business on which it has been earned, and the great activity which has prevailed throughout the year. We have felt it our duty to render a large amount of assistance in their financing to both the Imperial Government and the Dominion Government, and as rates of interest on this class of business are naturally low, our profits have been reduced correspondingly.

INCREASED TURNOVER.

Apart from this, however, there has been a greatly increased turnover during the past year which is not reflected in an increase of the profits of the Bank, and this tendency towards a steady reduction in profits has been apparent for some years past. The ratio of our profits to total assets during the five years ending 1915 ranged from 1.45% to 1.13%, but in almost every year the tendency has been downwards.

We have paid the usual dividends at the rate of ten per cent. per annum, with bonuses of one per cent. at the end of each half year; the war tax on our note circulation has called for \$147,283, the Officers' Pension Fund for \$80,000, and sundry subscriptions for patriotic purposes for \$71,700, leaving a balance at credit of Profit and Loss of \$802,319 to be carried forward to the accounts of next year. As long as present conditions continue we must, I fear, accept a low rate of profit, and it is, of course, possible that there may be still further depreciation in the market value of securities, so that we think it wise to carry forward a large balance in Profit and Loss account. During the past year the values of investment securities have depreciated further, which is only natural as long as the governments of the great nations engaged in the war are obliged to increase the rates of interest which their securities bear. Up to the present, however, we have not found it necessary to add to the sum of \$1,000,000 reserved last year for possible further depreciation, and we believe that we have provided for anything which is likely to occur.

GROWTH IN DEPOSITS.

Our deposits show a satisfactory growth, the increase being \$35,373,000, of which over \$25,000,000 is in deposits bearing interest; these include the savings of the people and are therefore less subject to fluctuation than demand deposits not bearing interest. Through the medium of our Monthly Commercial Letter we have endeavored to impress upon the public mind the necessity for the exer-

cise of economy to a degree never before known in Canada, and we should like to think that some part of the increase to which we have just referred has been due to the advice thus given. Canadians cannot too often be reminded that only by the universal exercise of economy and thrift to an extent to which they have in the past been strangers, and by the setting aside of what is thus saved for investment in government loans or as bank deposits, can we do our share to provide the wherewithal necessary to carry the war to a victorious conclusion.

STRONG CASH RESERVE.

Our total holdings of coin and legal tender are \$46,291,000, an increase of \$6,389,000 over the figures of a year ago, but of this sum \$6,000,000 is represented by a deposit in the Central Gold Reserves to cover the issue of note circulation in excess of our paid-up capital, already referred to. These holdings of cash represent 18.5% of the total of our deposits and circulation and 17.9% of our total liabilities to the public, and in view of the uncertainties of war conditions we are sure that you will approve our policy of keeping strong in this respect. Our immediate available assets total \$129,341,100, equal to fifty-six per cent. of our deposits and fifty per cent. of our total liabilities to the public. The largest increase in any one item composing this amount is in British, foreign and colonial securities, etc., which show an increase of over \$15,500,000 and include the securities purchased and held for the advances which we have made to the Imperial Government to finance their purchases in the Dominion. There has been a slight increase of \$858,000 in our holdings of Dominion and Provincial securities and a decrease of \$1,802,000 in our holdings of railway and other bonds, debentures and stocks. We have thought it desirable, in view of the exigencies of the war and of the requirements of the governments of Great Britain and Canada, to realize on these securities as opportunity offered. This has seemed the more advisable because of the doubtful outlook as to the future trend in the value of such securities.

ASSIST HOME INDUSTRY.

Notwithstanding the advances we have made to the governments of our own country and Great Britain for the purposes of the war, we have not found it necessary to decrease the assistance which we render to the ordinary business of the country. Indeed, our total current loans at the date of the statement before you amounted to \$186,109,000, an increase of over \$13,800,000 as compared with the figures of a year ago. It has always been the policy of this Bank to consider as one of the principal aims which should be kept before the executive, that it should render the utmost possible assistance to the development of Canadian trade and industry. We have not failed in this duty during the year just past.

THE STAFF.

The members of the staff number 2,976, as shown in the following comparative table:

	30th Nov., 1916.	30th Nov., 1915.	31st July, 1914.
Officers on regular staff ...	1,806	2,170	2,597
Temporary clerks	187	61	3
Temporary women clerks and stenographers ...	352	23	2
Stenographers and women clerks on regular staff	373	344	378
Messengers	258	230	232
	2,976	2,828	3,212

in addition to which we have 368 janitors, making a total of 3,344 persons employed by the Bank.

The changes in personnel indicated by the above figures are eloquent of the burden which has been laid upon the shoulders of the older members of the staff to maintain our organization at a satisfactory level of efficiency and, at the same time, to assist in the training of the unusually large percentage of the staff which is without any previous experience. At the 30th of November, 1,207 of our officers had enlisted as against 748 a year ago, representing about sixty per cent. of the male staff, and it is interesting to note that 264 of our officers have attained to commissioned and 168 to non-commissioned rank in the army.

FURTHER ENLISTMENTS.

Not only has it been necessary to cope with the immediate difficulties arising from a depleted staff, but provision has had to be made as well for the additional strengthening of our ranks in order to meet with some degree of preparedness the problem of future enlistments. One expedient adopted to meet the exigencies of the case has been the employment of temporary men clerks, of whom we now have 187, and of women clerks, both permanent and temporary, the number of women on our staff having increased during the past year from 367 to 725.

With a staff thus augmented to an unusual degree by untrained and inexperienced workers, many problems have arisen, and the task of distributing the burden as equitably as possible has been by no means easy. Furthermore, an inexperienced and untried staff must mean a staff enlarged beyond normal requirements and a consequent addition to the cost of operation. These, however, are conditions inevitable in times such as we are passing through, and we can testify to the ready and cheerful manner in which we have been supported by the staff generally in dealing with them.

THEIR SUPREME SACRIFICE.

Since our last annual meeting, an additional fifty-nine brave and promising young men of our staff have laid down their lives on the field of battle. Our complete casualty list, as at December 31st, is as follows:

Killed	84
Wounded	175
Missing	8
Prisoners	9
Ill	20
	296

We have received many indications that our men are measuring well up to what is required of them and are capable of taking their full share in the wonderful operations at the front which are thrilling the world. Six of our officers have been awarded the Military Cross, and three more have been recommended for it.

STAFF AT HOME.

We do not think that it would be fair thus to express our pride in our banker soldiers without adding a further word in commendation of the staff at home. While we still have to expect that some of them will take up military duty, we are satisfied that those who have remained at home thus far have been actuated by the highest motives; indeed, the work of the Bank could not be efficiently carried on without retaining the services of many men who in other respects would be available for military service.