

**At the Fifty-fourth Annual Meeting of the Shareholders, held in Toronto on 11th January, the Largest Earnings in the History of the Bank were Reported as the Result of the Bank's Business for the Second Year in Canada's Reconstruction Period.**

This has been approved, as follows:	
Dividends Nos. 132, 133, 134 and 135, and twelve per cent. per annum .....	\$1,800,000.00
Bonus of one per cent., payable 1st December .....	150,000.00
Dominion and Provincial Government tax and tax on insurance .....	350,000.00
Written off Bank Premises .....	500,000.00
Transferred to Pension Fund .....	150,000.00
Balances carried forward .....	1,789,979.87

GENERAL MANAGER'S ADDRESS

## Greater Profits.

In addition to the regular dividend of twelve per cent. per annum, we paid last December a bonus of one per cent. making a total distribution to our shareholders of thirteen per cent. per year. We have appropriated \$385,000 towards the heavy taxes we are now called on to pay to the Governments of the Dominion and of the various Provinces of Canada, including in this the tax on our note circulation imposed under the provisions of the Special War Revenue Act of 1915. We increased our dividend for the last year from \$250,000 per year to \$500,000 this year. The high cost of all building operations in this country, and our expenditures on premises for the foreign branches recently opened, makes this a prudent step.

was no longer adequate. It was decided to replace it by a sliding scale based upon salaries, so that hereafter the contribution made by the Bank on behalf of each officer will bear a direct relation to the amount of the pension to be provided for him. Should the cost of living fall and the general level of salaries be lowered, the Bank's contributions will be lowered to a corresponding degree.

**Deposits Increase.**

The increase in our note circulation is \$669,255, an indication of a large volume of current business. The total, which was \$1,000,000, is now \$1,669,255. As business slackness and prices fell we may naturally expect a decrease in circulation this item. Our deposits stand as a whole, at about the same level as a year ago, the increase being \$1,000,000. Of this, \$1,000,000 is in the form of currency, but deposits bearing interest, the most stable part of deposit business, have increased by \$1,000,000. This is a gratifying and remarkable showing, particularly when considered in the light of the fact that the currency sent to this Bank to the various Dominion Government War Loans, as reported by our branches, namely:

1916 1st. War Loan .....	\$ 8,142,000
1916 2nd. War Loan .....	15,650,400
1917 3rd. War Loan .....	75,801,600
1917 4th. War Loan .....	75,801,600
1918 2nd. Victory Loan .....	10,474,590
1919 3rd. Victory Loan .....	90,675,530

Notwithstanding the tremendous drain upon the deposits of this Bank which these high subscriptions involved, we feel proud of the aid afforded by our customers to the Government in its war financing. Courage and foresight were needed by our branch managers when they saw their cherished and hard-earned deposits gathered over a long series

As follows—the changes in the Board during the Vice-President, Mr. Z. A. Lash, and to his country are so well known on them. He had been connected with as a director since 1907, and as Vice-President, his personality, and esteemed for his integrity, beyond the fortune of most men. During the year Mr. J. S. Mitchell, who identified as he was with the Eastern States in business and his unusual capacity, which was deeply felt by this Board as well as the country. He was a member of the Mackenzie, K. & B. of Rio de Janeiro, and the Power Company, Limited, were President constituted the General Man-

Decreases Government Balances.

and the wholesaler must lean on the manufacturer. All along the line they will borrow from their bankers to the fullest extent possible.

### Grain and a Falling Market.

It is regrettable that the farmer, in this and other countries should be counselled to hold his grain on a market which has fallen very rapidly since the time of harvest and has every appearance of continuing to do so. It is in line with the general trend of business. It is obviously a highly risky and unprofitable proceeding, and likely to end in increasing class bitterness. Unaware of the real causes that govern the decline in prices, the farmer will be apt, naturally enough to feel and say, "I am being cheated." The truth appears to be that, up to 1920, so many years of rising

During the year our holdings of specie have increased \$566,854 and Dominion notes on hand \$3,952,361. There is no change in the amount deposited in the Central Gold Reserve under the heading either of gold coin or of legal tender notes. Total cash on hand has increased \$4,519,215 and stands at 15.14 per cent. of our liabilities to the public, without so-called quick assets at 44.50 per cent. of these liabilities. There has been a

**A Commanding Position.** This Bank still holds a commanding position in the development of Canadian commerce. The current monetary loans in Canada amounting to the large sum of \$281,146,712, or \$17,925,902 per capita, are the highest in the world, and elsewhere have also increased by \$19,244,056. The other items of assets show little change, the total being \$1,000,000,000, which has increased \$758,086 during the year, our principal outlets in this connection being on paper and on gold. The position of the foreign exchanges have been able to secure premiums in London, Rio de Janeiro, and Barbados at a very reasonable cost, and our office in Rio de Janeiro will be situated in the most important and busy business district of that important city. There has been an increase in our total assets of \$1,418, comparatively negligible amount.

**Foreign Branches.**

In addressing you a year ago we pointed out that up till then we had been occupied with the promising openings for new branches in Canada, but that we hoped soon to give some attention to foreign fields. The policy we have followed in this respect has been one of caution, slow but sure

### An Increased Staff

Keeping pace with the growth of the Bank's business there has been a steady increase in the staff, partly as a result of the appointment of permanent staff of men and women who had served us well during the war and whom we have found suitable. It was thought that on the return of our men from overseas-most of those on the temporary staff would have to give way to permit their reinstatement, but we are pleased that the growth of our business has made it possible for us to retain the policy we have outlined. An increase of thirty-four in the number of branches also accounts to some ex-

the south of us has made the prevail-

simple a manner as possible with some of the underlying elementary principles. These attracted widespread attention and were subsequently reprinted in the *Journal of the Royal Statistical Society*. The subject has, of course, many bearings and can be discussed from many points of view. As an instance we may point out that the premium on New York funds is an assistance to such of our exports as come into competition for the markets of the world with similar goods from the United States. The price of the product of the Canadian producer can accept a lower price expressed in terms of a foreign currency, and will still receive as many dollars as does his competitors in the United States. During the closing part of the year, as you are doubt-

changes, which has been so prevalent in some parts of Canada. When the stocks speculated in are those dealt in on New York market, calls for margins have to be responded to instantly, and the sudden demand thus created for New York funds has on several occasions been the cause of a sharp advance in rates. There are also at present large sums of money, belonging to banks and wealthy corporations in the United States, on deposit in the Canadian banks,

to Australia for collection on its negotiable commercial bills on Australia in London, and the suspension of the London funds, said to have arisen as a result of the suspension of the system of Government purchase and sale of the gold and silver coins of the United States for handling the wool has not yet been restored, and in the meantime some difficulties have arisen in procuring Australian imports. It is hoped that the situation will be relieved before long and means go forward. The situation in India, New Zealand and South Africa is of a somewhat similar character, but not so pronounced.

### Foreign Trade and Finance.

It is unfortunate that these existing difficulties have arisen at the time when strong efforts were being made to extend the foreign trade of Canada. Foreign trade is a most difficult one at the present time, not only because of exchange questions but also because of the situation in the United States.

many foreign countries. The collapse of sugar prices in Cuba and elsewhere is one instance of this, and in a period of falling prices all over the world it is admittedly a most difficult matter to extend foreign trade. Nor is the problem rendered any more easy of solution by the high level in Canada of all costs of production, including wages. As pointed out recently by a high authority in Eng-

**Government Ownership.**

The important experiment has recently been tried by the Dominion government in placing the management of the publicly owned railway lines in Canada under the supervision of the government, and the control of the ownership and control of which reside in the government. The experiment is an interesting one, and bids fair to determine the feasibility of successfully carrying on the business of a great corporation under government ownership. There have been many obstacles to conditions at the start and the operations of the first year have not facilitated the task of those in charge, but it is only fair that they should be given full opportunity to demonstrate their ability to carry on the enterprise and to make the experiment

moment to the re-establishment of business on a more normal basis is the instability which prices have manifested during recent months. This condition, however, cannot be of long duration, and we may hope that before the winter has run its course it may be a thing of the past. Meanwhile we repeat once again what we have so often urged, that the whole world must aim to work hard and avoid extravagance if the damage caused

adjustment of prices, both for commodities and for labor, upon the reasonable settlement of which all hope for our future happiness and prosperity rests.

**The Strain on Credit.**

A year ago we were still in the full tide of high prices, high wages, supplies unequal to the demand, inefficient labor, inefficient transportation, and a general strain on all the other concomitants of a world-wide industry, based not on industrial enterprise, but on the creation of so-called wealth from the evidences of debt issued by governments living beyond their means. Warnings that continuance meant ruin were not wanting, but the general response was that such warnings usually do. There was widespread unrest, as labor did not remain satisfied with any strike adjust-

and shoes, field products and meat in certain forms, one by one have had declines in price, often sensational beyond anything in recent years.

Reviewing as usual our own foreign trade, we find the total of exports and imports for 1920 to be \$2,351,174,000, as compared with revised figures for 1919 of \$2,188,471,000 and for 1918 of \$2,549,681,000. Unfortunately the increase over 1919 is almost entirely in imports, so that the increase in volume, far from being gratifying, is distinctly the reverse.

of the United States, and the United States has been a net exporter of these products, but this has now been reversed to small figures. It amounted to 100,000 tons in 1919, and to only 12 millions in 1920. So that to keep our exports from diminishing, we must export in 1921 about 240 millions, and we actually did so to the value of about 257 millions. The following table shows the principal exports as follows: grain, flour, and all vegetable products (except chemicals and minerals) 67 millions; oil, 27 millions; and their products, except chemicals and their by-products, 63 millions; fibres and other vegetable products, 12 millions; diets and paper, 10 millions; ships, 28 millions. Against this we have imports of about 255 millions. In the six months' period ending September, we have exported 120 millions of grain, flour, etc., and 150 millions in animals and their products, 15 millions in fibres, etc., and 15 millions in ships and other products.

while in wood, paper, etc., there is a gain of 63 millions, and in iron, other metals and non-metallic minerals, there is a gain of 18 millions. The total shows a falling off of 40 millions.

**Increase in Imports.**

It is in our imports that we have exhibited a most unfortunate lack of appreciation of individual and national re-

of \$2.5 millions, of which 14 millions, or 56 per cent, are in the form of cash. The value of the goods is 11 millions; wool and its products, 23 millions. In the various forms of machinery and material coming under the heading of "other goods," there are large increases, and large decreases in individual items, the net result being an increase of less than 5 millions. In coal products there is a decrease of 10 millions. The balance is bad, but it is trifling when compared with the six months' period ending in September. For this half year, in which our exports have been at a record level, except wood, and metals and other minerals, we actually imported 192 millions worth of merchandise in excess of our exports. Except in one line, the metals, all of our exports are increases of from nearly 50 to over 100 per cent. un-

period it was 210 millions, against 135 millions in 1919. When we look at the third set of figures now supplied by the Government, that is, from September 1919, to September, 1920, the full force of our extravagance is evident. In that period we exported less by 23 millions than in the previous twelve months, and we actually imported 440 millions more.

power to pay for imports of 801 millions from the United States, of which, by the way, 120 millions are represented by the goods that we buy from them. Trade between the countries, however much confused with foreign exchange and postponed settlements by sales of securities, will go on as usual. It is not a blockade. However, could we have imagined, therefore, that the United States, the creditor nation of the world at the moment, while awaiting a revision of the tariff schedule, would ask for such protection, would pass in Congress a bill placing an embargo for ten months upon foodstuffs shipped by Canada and other countries, all of which would do damage to the United States? The duty to pay for the products they are buying from the United States? These are the days of embargoes, tariff reverses, and the like.

from the British market, unless immediately slaughtered, on the pretext of the necessity of keeping British herds free from disease. No proof of any danger from our cattle has been shown, and it is generally admitted that the embargo is simply a case of extreme protection for British cattle breeders against the interests of the meat consumers of Great Britain and particularly against the business interests of about 40,000 British butchers who wish it removed. May we

made in the preparation of this report. The Bureau for Canada as a whole. Now it has the benefit of consultation with each of the provinces in connection with its agriculture. The prices also are taken from those current in the respective localities, and are therefore very good. The present estimate may therefore turn out to be too high. The increase in the estimate of about \$188,000,000, or 1.5 per cent, is due to the increase in wheat of \$172,000,000, in potatoes of \$21,000,000, in hay and clover of \$16,000,000, and in other grains of \$19,000,000, in oats of \$10,000,000, in barley of \$17,000,000 and in other grains of \$2,000,000. The increase in the price of wheat is more than in 1919, so that the accuracy of the estimate depends much upon the price of this grain. We have 146 bushels of wheat per acre, and a large yield on record, yet the price has fallen so that the money value of the whole crop is less than in 1919. On the other hand, hay and clover, while less in quantity, yield more, the price for hay being 10 cents per ton, and for clover, Saskatchewan, with \$412,000,000, and

Ontario, with \$896,000,000 provide about one-half of the value of all the field crops in Canada.

### Mineral Production.

From such information as we can obtain the total value of the mineral production of Canada for 1920 is probably \$200,000,000. This compares with the great year of 1918, when the total was

**The National Debt.** The public debt of the Dominion, which at 31st March, 1919, was estimated as being under \$2,000,000,000, is, on 30th November, 1920, eighteen months later, stated to be \$2,298,784,000, but against this are held certain non-active assets, consisting of railway bonds, loans and amounting to \$284,015,000, which were heretofore deducted from the total. During the fiscal year ending March 1920, expenditures chargeable to the Dominion Government of \$46,000,000 were made, followed by only \$8,983,000 during the six months ending 30th November, 1920. We may therefore hope that the bulk of our direct war expenditures will be met by the Dominion Government. Britain \$162,000,000 and by foreign governments \$46,000,000, but the amount due by Great Britain has been deducted

Security.	Amount.
Government .....	\$113,465,500
Municipal .....	58,994,728
Railway .....	96,500,000
Public service corporation..	11,500,000
Miscellaneous .....	<u>38,381,853</u>
Total, 1920 .....	\$318,882,081
Comparative figures for 1919.	309,883,728

**Shrinkage of Credit.** A year ago the cry in every direction was for more production and less costly conditions in transportation, and a cessation of Government borrowings and of credit inflation. The enormous quantities of unsold commodities at the present time seem inconsistent with the cry for greater production at the time, but it is doubtful if there is any real consistency. Except for stocks of certain commodities held by Governments who continued to exercise control over trade and did not liquidate these stocks at the cost of the war, it is questionable if there are any commodities than the war goods for its ordinary comfort. The trouble does not arise from overproduction except as to luxuries, but from a sudden shrinkage of credit oper-

The November quotes the decline in commodity prices from the peak as about 10.0 to 14 per cent. in Great Britain, 11 per cent. in Canada, in the United States various estimates from 14 to 33 per cent., in France 14 per cent., and in Japan 28 per cent. The decline of the past six months in the United States is said to have been more abrupt than anything since the same period at the close of the Civil War. While there must have been countless perplexing and grave problems, often involving totals in money which were enor-

ers, have so disturbed the calculations of manufacturers and merchants that the following are some of the issues from the public, have been necessary in the United States on a scale never known before. The liquidation of the banks will bring about easier monetary conditions as the natural accompaniments of less active business. The situation is so favorable, unfortunately, we can already see that many will be out of employment during the coming winter.

**Unemployment.**—In the United States, as usual, movements more acute than in Canada, and in some branches of trade, such as motors and clothing, employment has been reduced to a minimum. In the whole, what with some trades in a better condition and with labor needed for farming and harvesting, heretofore every hour of workmen, the lessening of employment is not very prevalent as a fact. The unemployed of course are the ones who are in the worst positions which had better be met by public

work where labor is given in exchange for pay, than by doles which tend to break down the individual effort of which our society is based.

**Immigration Increases.**

It is unfortunate, although quite natural, that at such a moment immigration shows its first great movement since the war. In 1913 a trifle over 400,000 immi-

**The Soldier Farmer.** In connection with land settlement and post-war work for our soldiers, a recent report of the Soldier Settlement Board is encouraging. The plan provides for loans for buying land up to \$5,000, or 90 per cent. of the value, in each case on the basis of 5 per cent. interest per annum, and for loans up to \$2,000 for stock or equipment payable in six amortized payments, or the same interest basis, and \$1,000 for permanent improvements payable in the same manner as the land purchase. Of 57,000 soldiers already under the plan, over 41,000 have qualified and 20,000 are already on the land, while over 1,000 are in training with farmers. To

Canada	United States	Great Britain
\$ 39,035,500	\$ 74,420,000	
49,312,496	9,682,232	
.....	96,500,000	
200,000	11,300,000	
16,106,853	22,275,000	
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\$104,654,849	\$214,177,232	
32.82 p. c.	67.18 p. c.	
\$699,291,095	\$204,987,500	\$5,105,138

consideration. Where there are applicants who cannot make the initial payment, the various bodies aiding distressed soldiers are appealed to, and, of course, there are failures after all precautions have been taken. In 150 cases, involving the Government of the United States \$575,000, only about \$10,000 was lost. The report closes with suggestions regarding land settlement generally, which it is hoped will have the consideration due to such an important question.

**Pensions to Soldiers.**

Perhaps no new form of national expenditure caused by the war interests us so widely as the pensions paid to our soldiers. On the one hand there is an intense desire that justice be done to those who fought for us, while on the

**Taxation.**

In speaking last year about the manner of distributing the taxation necessary to carry our debt and to administer the Government, we expressed the opinion that if the annual payments are obtained by reasonably fair taxation, so levied that the taxes do not become a cause of restraining our industries, we shall not fail to win through, but to ac-

now that the war is over, that some of the present forms of Dominion Taxation, while justifiable during the war, are no longer justifiable in the present circumstances, and are in danger of becoming destructive of enterprise and perilous to our future. The period immediately preceding it, in taxation to which I shall allude, are similar to those of other countries in which the same evil results have been produced. The opposition is rising rapidly. I trust my remarks will not be regarded as a criticism of the Government, but the taxation during the war and since have been so difficult and onerous. We must suppose that these forms of taxation will be continued, and that a very speedy change if found to be too burdensome and unfair.

**Tax on Sales.**

As against the "luxury" taxes people happily at the end, we have steadily increased the "luxury" taxes on the sales of commodities. We are aware that criticism, only, however, regarding the "luxury" taxes.

have been made in the Tentative Report of the Tax Committee of the National Industrial Conference Board of New York, but these have been answered by the Chairman of the Business Men's National Tax Committee. One of the arguments made in the United States against it is that any tax which bears in the same rate upon the small earner