

THE MERCHANTS BANK OF CANADA—Continued

THE VICE-PRESIDENT'S ADDRESS

In moving the adoption of the Report the Chairman said:

The figures in the statement you will observe indicate a satisfactory increase in the profits. You will notice the deposits on the Liability side of the account show a gratifying increase and concurrently loans and other items on the Asset side a very substantial and proportionate growth.

We are pleased to say that all the legitimate requirements of our clients—naturally upon a larger scale owing to the high cost of labor and all commodities—have been given the fullest measure of consideration, and on the whole well taken care of and we have reason to believe to the satisfaction of all concerned.

Having regard to the abnormal period through which we are passing, and the uncertainties which the future undeniably holds, you will observe that an amount of \$400,000 has been set aside and placed to the credit of "Contingent Account"—a step which I venture to think you will agree is prudent and proper under the circumstances.

With regard to the future, we have all read articles in the papers and magazines by many eminent financiers, and profound thinkers, giving their forecasts of the conditions that will prevail after the war.

I will not venture to make any forecast, but I feel sure that we shall be able to continue to use the funds of your Institution in safe and useful channels, not only while the war lasts, but also after it is over, provided the Chartered Banks continue to receive that measure of fair treatment which will enable them to maintain their present status of strength and efficiency.

This country is under a great strain as we all know. Men, money, crops and ammunition are demanded of us to the utmost limit of our capacity, and let us hope the strain will not go beyond the point of safety, as disorganization would follow, and defeat our aim to keep Canada well organized, productive and solvent, and in good shape to help to win the war.

There is another matter I wish to speak of very briefly. It is a question I know you all take a deep interest in. I refer to the subject of Vested Interests.

Some strange doctrines have recently taken possession of the minds of many people on this subject. It is a phase of the war excitement.

I am enthusiastic on the subject of fair play towards Vested Interests. You and I, gentlemen, as bankers, and Bank shareholders, are the natural guardians of Vested Interests.

We must argue against and oppose the mischievous propaganda of unthinking and illogical people. They will tell you that this is a socialistic age and complain that banks and large capitalists are banded together to keep on amassing wealth to the detriment of the conditions of the general community.

We may answer this in saying most truthfully that banks themselves are absolutely socialistic in their methods. They accept money from those who have it, and lend it to those who need it and can use it safely.

The great resources of any large bank belong mainly to its depositors, its own capital being, comparatively speaking, quite insignificant, nor do its depositors belong to any one particular class. It is a careful trustee of millions of dollars belonging to all classes.

In our case, for example, the large total of our deposits and current accounts belong to so many thousands of individuals that the average holding is only about \$500.

Surely such depositors are not capitalists! Therefore, it would be most unfair to accuse us of being prejudiced in favour of great capitalists.

The cost of the war is being paid for out of the savings of past years, and is now in some countries nearly approaching the limit of exhaustion, and the question of how interest charges are to be met, engages the deepest attention of all classes. Here again the treatment of Vested Interests must be carefully guarded against unwise and wanton action; when we hear people talk about the conscription of wealth, and levy on capital in a vague and indefinite way, we realize that this might be pushed to a limit that would break down the whole financial fabric.

There are some radicals who not satisfied with taxation desire to go further and conscript not only income and profit, but also capital. I would ask them what the nation would gain by it?

Only a small proportion of a man's or a company's means are in cash. If they took away a certain proportion of his stocks and bonds, what would the Government do with them? Keep them? No, the Government wants cash. They could not sell them for there would be no purchasers, because unsettlement and chaos would prevail.

Again, if they conscript a certain portion of a man's real estate, farm or factory, how can the proceeds of such conscription be converted into cash, or into any form that will be of tangible use to the Government?

No, a fair and well considered system of taxation is the proper course to be adopted. The man of small means must be treated with moderation, and the man who is rich and the corporations that are making money must pay proportionately. Neither Companies nor individuals would object to paying substantial taxes if they are allowed to make reasonable earnings.

It must be conceded that in order to realize substantial receipts from taxation, there must be substantial earnings; all values are based on earnings, and with poor earnings, values would soon fade away, and our whole system of credit and finance would go to pieces.

Vested interests are also threatened from another quarter. We, in this young country, must guard them against the free trader. I am not going into politics here, but the fact cannot be overlooked that amongst the agricultural community there are many who are favourable to taking down the tariff bars, in order to cheapen articles that enter into their own daily use. Without thinking of the consequences, they don't seem to realise that if they disturb the present equilibrium of tax distribution, a greater share of the taxation must undoubtedly fall upon their own shoulders.

We must appeal to the general public and the farmer for fair treatment of the vested interests, and finally we must appeal to the legislator for fair treatment also, his duty is to study proposed new laws most critically before voting for them, and he must not forget that a law which has a destructive tendency while it may create momentary notoriety and popularity for its promoters, is sure to incite radicals and extremists to apply the axe more and more till the whole body politic is in danger.

In conclusion I wish to testify to the fine spirit and loyalty of our management and staff. They are doing splendidly in spite of the difficulties under which they are working.

Continued on page 623