

are, most of them, progressing satisfactorily, and although the initial expenses connected with them are heavy, we look to see them become before long a source of strength and profit.

The Bank's Taxes.

Some years ago, the year after the outbreak, of the war, we took occasion to refer to the subject of taxes paid by the Bank and advised you that the total was about \$650,000. It will no doubt be of interest to you to know that the sum taken out of the profits of the Bank during the past year, and applied to the payment of taxes was nearly double that amount or over \$1,200,000. We have thought it well to speak thus frankly because the opinion seems to be more or less widely held that banks do not bear their fair share of the burden of general taxation.

Out of the total of 1704 officers of this Bank who volunteered for the defence of the Empire, either in the army or navy, we have reinstated during the course of the year 996, and have still to hear from 253 of them. We have been glad to welcome these officers back to our service, and will do all in our power to assist them to become re-established in civil life. It is our hope that in the course of a reasonably short time they will find themselves at no disadvantage as a result of the loss in banking experience, which naturally resulted from their absence. The opening of new branches and the expansion of our business have made it possible to take on the staff again all those who apply for reinstatement.

Employer and Employee.

An unlooked for consequence of the war has been the unsettlement of the relations between employer and employed in every walk of life. One of the primary causes of this has been the extraordinary increase in the cost of living, but any one who is forced to grapple with the problems before the employer knows that this can be the cause of only a small part of his difficulties. The deeper and more complex part of them, no doubt had their origin in that phrase of the war, when it took on the aspect of a life and death struggle between the opposing forces. For a time everything had to be subordinated to the turning out of men, munitions and material for use in the war. The Government became practically, almost the sole employer, the erst-while employer acting as its manager or agent to secure the necessary production. Under these conditions the usual balance-weights and counterpoises of business enterprise were lacking. To secure the necessary production was the only thing that mattered; the cost of doing so was a secondary consideration, and any demands made by employees were granted almost before they were asked. Thus new conditions arose, some showing marked improvement over those existing before

the war, but others such as are foredoomed to failure if put into practice under the usual conditions of peace. It is, perhaps, too much to ask of either employees or employers that they should at once grasp with a clear mental vision all the far-reaching consequences of these changes. Suffice it to say that the adjustments necessary, now that business conditions have become more normal, are many and difficult, and involve to the utmost a spirit of fairness and a willingness to compromise opposing points of view on both sides. Speaking for our own staff, both permanent and temporary, they have rendered us loyal service in difficult days, and we have sought to give generous and sympathetic consideration to the difficulties which have been particularly their lot, as salaried men and women, during an extraordinary rise in the cost of living.

The 1919 Victory Loan.

In November last the Canadian Government issued its sixth War Loan, the money being required for purposes connected with the transition from war to peace. The Minister of Finance, Sir Henry Drayton, again asked for a minimum of \$300,000,000, and the total subscriptions received were \$676,242,790, almost as much as subscribed to the previous loan. The Minister of Finance, and the country itself, are to be congratulated most heartily upon this new demonstration of the financial strength of Canada. There was a large reduction in the number of subscribers, the total number being 789,532, as compared with 1,140,057 in the case of the 1918 loan, so that the average amount subscribed was considerably larger, being \$857, as against \$610. It is interesting to note, as showing the popularity of the Victory Loans among small subscribers, that in the case of the 1917 loan \$100,300,000, and in the case of the 1918 loan \$104,500,000, was issued in \$50 and \$100 bonds. The corresponding figures for the 1919 loan are not yet available, and owing to the reduction in the number of subscribers the total will probably not be so great, but it is evident that about \$300,000,000 of the last three loans has been obtained in this way.

Encourage Exploration.

When addressing you last year I ventured to express the opinion that the Government could afford to grant a small bounty on the production of the gold mines in Canada, with a view to increasing the available supply of the precious metal. This opinion has met with disapproval in some quarters, but I still think that the Government should do something in the matter, perhaps, not so much by way of offering a bounty on the gold itself, as to encourage the exploration and development of what are supposed to be gold-bearing areas. Were the same course to be followed in the case of silver, it is possible that the discovery of new fields and