Forty-Eighth Annual Meeting of The Royal Bank of Canada

Sir Herbert Holt, President, Refers to Principal Problems Canada Must Be Prepared To Deal With in the Post War Period.

Mr. Edson L. Pease, Managing Director, Deals With Marvelous Strides Canada Has Made During Past Year and Assistance Given to the Government by Canadian Bankers' Association.

Mr. C. E. Neill, General Manager, Pays Tribute to the Record of the Staff of the Bank Overseas and Draws Attention to the Necessity of Making Provision for Them On Their Return.

The Forty-Eighth Annual General Meeting of the Shareholders was held at the Head Office of the bank in Montreal on Thursday, January 11th, at 11 o'clock a.m., Sir Herbert S. Holt in the chair.

Mr. W. B. Torrance acted as secretary of the meeting, and Messrs. A. Haig Sims and Alex. Paterson as scrutineers.

The Directors' Report was read by the General Manager, Mr. C. E. Neill.

DIRECTORS' REPORT.

The Directors have pleasure in submitting to the shareholders the Forty-Seventh Annual Report, for the year ending November 30, 1916, accompanied by the Statement of Assets and Liabilities.

PROFIT AND LOSS ACCOUNT.

Balance of Profit and Loss Account, November 30, 1916	$ 676,472 16	
Profits for the Year, after Deducting Charges of Management and all other Expenses, accrued Interest on Deposits, Full Provision for all Bad and Doubtful Debts and Rebate of Interest on Unmatured Bills	$2,111,307 65	$2,787,779 81
Appropriated as Follows:		
Dividends Nos. 114, 115, 116, and 117, at 12 per cent per annum	$1,417,207 02	
Transferred to Officers' Pension Fund	100,000 00	
Written off Bank Premises Account	250,000 00	
War Tax on Bank Note Circulation	118,226 51	
Contribution to Patriotic Fund	50,000 00	
Balance of Profit and Loss Carried Forward	852,356 28	$2,787,779 81

The assets of the bank have recently been subjected to the usual careful revaluation.

Your Directors record with deep regret the death of their late colleagues, Mr. Wiley Smith, His Honor Lieutenant-Governor MacKeen, and Mr. T. J. Drummond. Mr. Wiley Smith and Governor MacKeen were the Directors of longest standing, having served continuously on the Board for twenty-eight and twenty-one years, respectively. Mr. Drummond joined the Board in 1909. The vacancies were filled by the appointment of Messrs. M. B. Davis and G. H. Duggan, of Montreal, and Mr. C. C. Blackader, of Halifax.

On October 5th last we concluded an agreement with the Directors of the Quebec Bank to purchase the assets of that Bank, for a consideration of 9,117 shares of this bank and $683,775 in cash. This was ratified by the shareholders of the Quebec Bank on the 28th of November. The approval of the Governor-in-Council was obtained in due course, and the assets were transferred on January 2nd. By this purchase we have acquired, on satisfactory terms, assets approximating $22,000,000.

In addition to the thirty-five Quebec Bank branches, added to our list, offices were opened during the year as follows: In ONTARIO—Church Street, Toronto; in NEW BRUNSWICK—Buctouche, Richibucto; in NEWFOUNDLAND—Heart's Content, Placentia; in CUBA—Palma Soriano; in COSTA RICA—Limon; in the DOMINICAN REPUBLIC—Sanchez, Santiago de los Caballeros; in VENEZUELA—Caracas. A sub-branch has been opened at Keewatin, Ont.

Fifteen of the Quebec Bank branches were closed when the transfer took place, and our branches at the following points were closed during the year: In ALBERTA—Athabasca, Plairmore, Namayo Ave., Edmonton; in SASKATCHEWAN—Luseland; in ONTARIO—Dundas St., Toronto, Gerrard and Main, Toronto; in QUEBEC—Beaumont St., Montreal, Terrebonne. We have also closed the sub-trenches at Bentley, Blackfalds and Peace River, West Side, Alta., and Copetown, Ontario. Sutherland, Sask., Branch has been changed from an independent branch to a sub-branch.

The Head Office and all our branches of the bank have been inspected as usual during the year.

Your Directors desire to express their appreciation of the efficient manner in which the officers of the bank continue to perform their respective duties.

All of which is respectfully submitted.

H. S. HOLT, President.
E. L. PEASE, Vice-President.

GENERAL MANAGER REVIEWS STATEMENT.

The General Manager, Mr. C. E. Neill, then referred to the Annual Statement, as follows:

The Balance Sheet before you is the best ever submitted to the shareholders, and shows striking progress in all departments of the bank's business during the past year.

Total deposits now exceed $200,000,000, the increase for the year being no less than $45,000,000; 42 per cent of the advance was in the Savings Department. It is a satisfactory feature that these figures include no large or unusual deposits of a temporary nature.

Our note circulation is approximately $4,000,000 higher, and exceeds the paid-up capital of the bank by over $6,000,000. The excess is covered by a deposit in the Central Gold Reserve.

Current loans show a moderate expansion. In Canada the increase is $4,931,759, due chiefly to the acquisition of new accounts, and temporary loans to customers producing munitions of war. Commercial loans abroad are higher, on account of the active demand in the West Indies in connection with the production of sugar and other staple commodities. These loans will decrease substantially during the next two or three months.

The liquid position of the bank has been well maintained, liquid assets being 53.24 per cent of liabilities to the public, as compared with 49.03 per cent last year.

The increase in investments represents subscriptions to British Government loans, the proceeds of which were to a great extent expended in this country.

Net profits for the year were 17.87 per cent on the capital, as compared with 16.45 per cent last year; or 3.66 per cent on combined capital and reserve, as compared with 7.90 per cent last year.

The year's remarkable results are attributed to four causes—prosperous conditions in Canada and the West Indies, the advantageous location of our branches, co-operation on the part of the Directors, and a loyal and efficient staff.

PRESIDENT'S ADDRESS.

In moving the adoption of the Directors' Report, Sir Herbert S. Holt, President, said:

In view of the comparative uncertainty with which Canada necessarily looked forward to the year just passed, it is specially gratifying to be able to present so excellent a statement as that before you today. It undoubtedly excels any previous exhibit. Our total assets have increased during the year fifty-five million dollars. Seven years ago there were sixty-seven millions; today there are two hundred and fifty millions.

In keeping with the fixed policy of the bank the ratio of liquid assets to liabilities to the public has been maintained at a high percentage. The rate at the close of the year was 53.24 per cent, against 49.03 per cent at the end of the previous year. No matter how rapid the bank's extension, we have not in the past departed from this cardinal principle, and we do not intend to in the future.

We are not singular, however, in respect of this year's growth. The wonderful prosperity of the country was reflected in the assets of Canadian banks in general, the total increase amounting to two hundred and fifty-five millions. This prosperity is not confined to those engaged directly or indirectly in the supplying of war materials. It is widely diffused, as may be seen by the record bank clearings, the congestion of railway traffic, the general activity in every department of wholesale and retail trade, and the great volume of imports. Labor is scarce and never commanded higher wages. Commodity prices have attained a level comparable only with civil war times in the United States. The following is a statement of some present prices compared with those of twelve months ago:

	1915.	1916.
Wheat, per bushel	$1 00-$1 10	$1 70 (av)
Copper Ingots, per pound	20½	31-32
Pig Iron, per ton	25 00	41 00
Steel Billets, per ton	42 60	50 20
Steel Rails, per gross ton	28 00	38 00
Structural Steel, per ton—bars	54 60	76 20
Structural Steel, per ton—plates	56 00	99 00
Structural Steel, per ton—shapes	48 40	77 60
Staple Cotton, per pound	12	17
Wool, per pound, Lincoln Clothing	38	55-60
Wool, per pound, South Downs	46	75
Wool, per pound, Merino	70	1 35
Sole Leather, per pound	41	63
Print Paper, per ton	40 00	60 00
Wood Pulp, per ton	15 00	40 00
Sulphite, per ton	38 00	100 00

The list might be extended indefinitely. Abnormally high prices are enriching the producer and manufacturer, but profits are not so large as might appear on account of material increases in the cost of production.

POST-WAR CONDITIONS.

Meanwhile, the liabilities of manufacturers and others to their bankers have greatly reduced—in many cases wiped out—and large credit balances created. This is a very satisfactory situation, as working capital now accumulated will be of great utility on the return of peace. We should bear in mind that there is no permanence in war prosperity; that it is war business which has so accelerated the wheels of industry; and the termination of this must react on industrial activities with far-reaching results. Factories employed exclusively in this connection will close down. Kindred industries stimulated by high prices will suffer by the establishment of more ordinary conditions. Exports will decline as Europe imports less, and commodity prices will recede. Labor will become a glut on the market, aggravated by the return of soldiers in large numbers. All this appears certain to follow the establishment of peace, and the longer the war endures the more drastic will be the depression, because of the greater economic exhaustion of Europe and the effect upon her buying power. We have already seen the stock markets convulsed by a most improbable suggestion of peace.

However, after the first shock of readjustment, we may expect a great demand for our farm products, building material, farming implements, etc., etc., in the rehabilitation of Europe. Pending this demand and in preparation for depression in business that must occur the prudent man will put his house in order.

The war is now in its third year and prospects of peace in the near future are not bright, but the people of Canada are increasingly determined to help at any cost to bring about a complete victory for the Allies.

QUEBEC BANK.

The Quebec Bank, incorporated in 1818, whose assets we have recently acquired, was one of the oldest banks in Canada. Until a few years ago its operations were confined to Ontario and Quebec—principally to Quebec, in which province it had a valuable connection. As we had very few branches in this province, the acquisition of their connection was specially desirable. Our branches now number over 400. The fifteen Quebec Bank branches closed by us were located mostly in leading western cities where we are duplicated, and the resultant saving will be considerable. The closing of these offices gave us over one hundred men, of whom we were in great need to supplement the staff at other offices.

You will be asked today to pass a resolution increasing the number of directors from seventeen to twenty, in order to include three of the Quebec Bank Directors.

You are aware that the capital was rounded off to $12,000,000 during the year by the issue of 4,400 shares allotted to the shareholders at par. The issue of shares in connection with the Quebec Bank purchase has placed it again at an odd figure, namely, $12,911,700. As the outstanding circulation of this bank and the Quebec Bank at the highest point in December last was approximately $10,000,000 in excess of the present paid up capital, it may become expedient to increase the capital further. It is expected, however, to make no issue before the end of the war, or until conditions warrant an increase on terms favorable to the shareholders.

Last winter six of your directors, including the Managing Director and myself, made a tour of inspection of our branches in the South. None of us had previously visited any branch south of Cuba. We returned most favorably impressed with the excellent connection acquired in Cuba, Porto Rico, Santo Domingo, Costa Rica and the British West Indies by many years of patient work. It was distinctly advantageous to obtain a personal knowledge of local conditions, and to meet our leading customers. We were pleased with the buildings erected by the bank and our locations in general, and were happy to learn that the bank is held throughout the South in the highest esteem.

We also visited the republics of Venezuela and Colombia. Since then we have opened one branch and will open two others forthwith in Venezuela, where the outlook is promising. We were gratified to received from Viscount Grey, the late Foreign Secretary, his approval of the establishment of branches in that country, and a promise of support from the British Government.

MANAGING DIRECTOR DEALS WITH GENERAL SITUATION.

In seconding the motion for the adoption of the Directors' Report, Mr. E. L. Pease, Vice-President and Managing Director, said:

"The President and General Manager having reviewed the bank's position, I shall refer briefly to some aspects of the general situation. The financial and economic strength developed by Canada since the beginning of the war is little short of marvellous. In the first seventeen months she evolved from a debtor to a creditor country, with a balance of $206,706,000 in her favor. In the past twelve months the balance has reached $329,000,000. More remarkable still is the transition from an habitual borrower in London to a lender to the Imperial Government, coincident with the raising of large domestic loans.

In July, 1914, before the war, the percentage of liquid assets of the associated banks to their liabilities to the public, as it is commonly determined, was 43.34. On November 30, 1915, this percentage stood at 50.85, and on November 30, 1916, at 55.73. During the period between November 15, 1915, and December 15, 1916, the Dominion Government floated two domestic loans of $100,000,000 each, the first of this character put out in Canada. The banks underwrote $25,000,000 of the first loan and $50,000,000 of the second, but were relieved of the latter underwriting as public subscriptions aggregated $200,000,000. Despite withdrawals of savings for investment in these loans, and the fact that during the same period the Canadian banks advanced the Imperial Government $100,000,000 (expended for munitions of war in Canada and still current), their combined deposits on November 30 last were $232,000,000 greater than at the beginning of the year, and the liquid percentage was higher. Of the increase in deposits $122,000,000 was in the Savings Department in Canada. This extraordinary showing is due to large expenditures for munitions; to a rich harvest; to the sale of surplus wheat (estimated at 30,000,000 bushels), from the previous year's bumper crop at very high prices; and to the sale in the United States of $75,000,000 Dominion Government and $75,000,000 miscellaneous securities. It is probable, however, that a large proportion of these security sales represented renewals of obligations. Be that as it may, the accession of national wealth has been great.

It was a wise and courageous departure of the Government to take advantage of the great improvement in the monetary situation in Canada to float internal loans. The vigorous response by the public was a general surprise, both offerings being subscribed for twice over. The benefit of the investment of the country's savings in our own Government bonds is obvious. It is estimated that not over $35,000,000 of these issues went to American investors. Another notable feature of the times is the loan of $100,000,000 made by the associated banks during the year to the Imperial Government on Treasury Bills at twelve months' date for the purpose of purchasing munitions. Since the close of our fiscal year $20,000,000 additional at six months' date has been advanced by a syndicate of six banks, including ourselves, for the purpose of buying wheat and storing it over the winter. A further munitions credit of $50,000,000 having a currency of twelve months has also been recently extended. The affording of credits to the Imperial Government will have a very beneficial influence on Canadian finance, and the possession of short date British Treasury Bills will place the banks after the war in a very strong position.

CO-OPERATION GIVEN BY CANADIAN BANKERS' ASSOCIATION.

The great factor in support of the financial situation in Canada since the beginning of the war has been the collaboration of the chartered banks, through the intermediary of the Canadian Bankers' Association, with the Minister of Finance. They may be depended upon to co-operate loyally in assisting the Minister to the utmost limit, having due regard to the needs of commercial borrowers and the maintenance of proper liquid reserves, in his arduous task of financing Canada's war. The banks are also co-operating with the Minister of Agriculture in his praiseworthy efforts to increase production and expand the country's live stock trade. To this end liberal advances are being extended to breeders of cattle. As a result of their combined action, the Department of Agriculture has been instrumental in turning back to the farms of Western Canada from Winnipeg and other stock yards in the last three months over 9,000 head of cattle and 1,400 sheep which would otherwise have been slaughtered or shipped to the South. It is interesting to note the large diversion of cattle from the Winnipeg Stock Yards to the prairies instead of to the United States. In 1915, 44,975 head were shipped South; in 1916, only 21,124. In 1915, there were shipped from the Winnipeg Stock Yards to the prairies 3,380, and in 1916, 29,246. Likewise the Minister of Trade and Commerce will receive the hearty support of the banks in his campaign to develop our foreign trade in preparation for after-war competition. It will be seen that the Canadian Bankers' Association is endeavoring to further the interests of the community by every means in its power, and I am pleased to say that at no time in its history has there been greater unanimity among the members.

Compared with the marvellous crop of 1915, the harvest of last year was very disappointing in volume, but in value it approached the previous year, owing to the abnormal prices which prevailed. A small crop with high values is not so beneficial on the whole as a large crop with lower values, as the proceeds of the larger crop are more widely disseminated. The farmer received unusual returns last year, and no one will begrudge the wealth which has come to him. High prices for all grains prevailed from the beginning of the harvest. Usually prices rule lowest during the harvest.

Canada's wonderful progress during the year is summarized in the following comparative statistics:

	1915.	1916.		
Value of field crops—(Dec. 31)	$797,669,000	$729,346,000	Dec.	$68,323,000
Railroad earnings—(June 30), 12 months	210,000,000	258,000,000	Inc.	48,000,000
Bank Clearings—(Dec. 31)	7,796,781,000	10,557,188,000	Inc.	2,760,407,000
Note Circulation—(Nov. 30)	124,153,000	148,198,000	Inc.	24,045,000
Chartered Banks—Deposits—(Nov. 30)	1,288,985,000	1,521,349,000	Inc.	232,364,000
Chartered Banks—Current Loans—(Nov. 30)	881,101,000	927,399,000	Inc.	46,298,000
Exports—Merchandise—(Nov. 30), 12 months	598,742,000	1,073,509,000	Inc.	474,767,000
Imports—Merchandise—(Nov. 30), 12 months	435,342,000	744,403,000	Inc.	309,061,000
Customs Receipts	87,618,000	136,160,000	Inc.	48,542,000

Our foreign trade last year, you will observe, exceeded $1,800,000,000, being nearly double the amount for the previous year, and nearly two and a half times as great as in 1914. These abnormal figures are due to enormous munition orders and high prices for commodities. All our energies should be directed to counterbalancing the loss of these orders on the return of peace as far as possible by supplementary exports. In addition to revealing to us our economic power, the war has created a great opportunity in the field of foreign trade. The primary essentials to success in this direction are immigration, which should be stimulated to a sufficient extent to provide for a large development of our natural resources, and encouragement by the Government in some form to industrial interests, without which, as a young manufacturing country, it would be difficult to take full advantage of the coming opportunity to enter competitive markets.

We believe the present prosperity will probably continue while the war lasts, to be followed by an inevitable reaction during the readjustment period. But with the triumph of the Allies—a foregone conclusion—a new era of prosperity will eventually come to us. We should have less to fear from the readjustment if the people of this country would curb their propensity to reckless speculation and extravagance in this time of plenty.

MR. E. F. B. JOHNSTON ON WAR OUTLOOK.

Mr. E. F. B. Johnston, K.C., Second Vice-President, spoke as follows:

It is very gratifying to the shareholders to know that the bank has made steady and rapid advancement during the past year. The very able and comprehensive statements to which we have just listened, show that the bank's stability has not only largely increased in the past, but is becoming every day a greater financial factor in Canada and elsewhere. The policy pursued has largely added to the volume of the bank, without in any way interfering with its stability. I think we must all approve of the views taken by the Management, with regard to keeping ourselves available and ready for any contingency or emergency in the future.

That portion of the bank's affairs which is in the hands of the directors living in Ontario, is, I am glad to say, in a flourishing condition. We have nothing in the way of credits that causes us any alarm, and I believe you would be very much pleased if you knew just how solid our business is in that province.

The demands likely to be made on the banks in Canada in the future will in all probability be greater than at any time in the past. So far, this bank with other Canadian institutions of a like nature, has responded to the call in the most generous way. At the same time, the affairs of the bank have been kept in such a position that we could well afford to contribute whatever was required in such a strenuous time as we have at the present time. How long this will continue no one knows. It looks now as if daylight were approaching, and that another winter would not be faced by the enemy. One cannot discuss banking without regard to the war issue, and the war conditions. On this question I would like to say a few words before I sit down, as I think there is a mistaken and more or less dangerous idea abroad in many quarters that as soon as the war is over there will be a great boom in Canada in all branches of trade and commerce. I do not agree with this, and I would like to mention two or three facts which appeal to my mind as showing the contrary. I have such an abounding faith in Canada that I can afford to say what I believe about the situation without being accused of pessimistic ideas. I believe that the war will end before a great while in favor of the Allies, and that although Germany may not be entirely subjugated, her power to do evil will be materially blocked for the next one hundred years. It is hard to humanize or reform the millions of Prussian public. These matters are worked out by degrees, and as this means a total change of methods and of temperament, one cannot expect the cure to be complete by means of force or mere change of government.

CANADA'S POSITION.

As to the position of Canada, after the war, it is necessary to consider a few of the elements which control our situation. Canada's great resources have to be developed from year to year. We have rich minerals as one branch; we have a great timber country; we are also a great agricultural country; our manufacturing industries are of widespread National importance. We require money to develop all these resources. Being a young country, Canada will advance only by development, and development means the borrowing of money. If we do not get money to develop our resources, then these assets become of little value. We have splendid transportation. Our people are industrious, and to a great extent economical, but we will require, as we have in the past, large borrowings to develop that which would otherwise lie idle and profitless. In other words—we cannot convert our timber, mines or lands into money without money. In order to do this in the past, we have been very large borrowers from Great Britain for railway, municipal and Government purposes. I was somewhat surprised in looking over a financial statement to find that from 60 to 90 per cent of the hundreds of millions of dollars which we borrowed each year, prior to the war, was supplied by financing in Great Britain. Look for a moment, therefore, at the situation. When the war ceases, we will find this to be the case, namely, that the channels of commerce have been more or less blocked, and in many instances destroyed for the time being. Britain will have need of all the money that she can possibly get for the next few years, and will not be a lending country. The money loss to the Allies is tremendous. The output of munitions show that millions upon millions of dollars are blown into the air every week. The consumption of coal has been tremendous, without money result. All this expenditure does not come back to us at all. It is completely gone, and must be replaced before we can attain that condition which existed prior to the war. We are able to borrow from the United States, but the fluctuations of the money market are such as render that source more or less uncertain from time to time. The great markets of Central Europe are shut off. The relations between capital and labor, one of the most important elements of any manufacturing or producing country, have been seriously disturbed. The man power for producing purposes is materially impaired. It is, however, a matter of great congratulation that our banks are keeping themselves in a position to meet at least part of the great demands that will be made in the future upon them, and other financial institutions. We are not appreciating the question of taxes, as I think we should do. In order to meet the tremendous obligations, the people of this country will have to pay very heavy taxes, perhaps more or less of a direct nature. So far, our burden in this respect has been light. A great deal of the debt incurred is represented by money left in the country for munition purposes, but some day that money, as represented by the country's debts, will have to be paid.

There is more or less a fictitious prosperity abroad, caused by the expenditure of war moneys. I wish to add my humble note of warning against new expenditure and extravagant living, and speculative investments. Depression must necessarily result from such a condition as the war has created, even in Canada, and when we know that this same depression will affect our relations with the allied countries, it seems to me impossible to recover from the enormous loss without feeling the pressure. We have to repair the loss of material and men, and practically reconstruct our whole business machinery. Capital and labor must be brought together upon a basis similar to that which existed before the war. Factories which were flourishing in their regular business are now munition plants. Hundreds of these will have to be reconverted, and the trade resulting from them will have to be recreated. The unity of our business conditions will require to be re-established. To say, therefore, that the business connected with the war can be dropped in one day, and the old order of things from a manufacturing standpoint can be reinstated the following day, is not conceivable.

To accomplish the necessary changes after the war, and to aid in the reconstruction of our country's business affairs, will require money, and the banking and other financial institutions will be the chief factors in assisting the return to national prosperity and life. For this reason, I am absolutely in accord with the views of our President, as I read them the other day. The exigencies will be great, and the only institutions who will be of much service will be the strong banks. The concentrating to some extent of the financial elements in the hands of large and powerful financial institutions is an important matter. Nothing adds to the financial stability of a country as much as large institutions which are not disturbed by ordinary fluctuations. I have always thought that it would make our financial conditions more favorable to the assistance of the public, and less dangerous to the community, if our banking systems were under the control of strong institutions. A weak bank is a menace to the public and the larger institutions. The confidence of the people is the great foundation upon which a bank can be absolutely safe, and I consider it one of the best features of the management of the Royal, that our officials are impressed with the same idea, and are keeping the bank in a position to meet a general pressure when it comes.

WHAT CANADA MUST DO.

What are our duties? We must fill this country with men capable of producing, either from the forest, mines or the land. Above all, we will require a large agricultural contribution to our population. Instead of 200,000 or 300,000 settlers coming here, we ought to have at least 2,000,000 per annum, and the Government, with the assistance which the banks could give, should see that some practical system be adopted whereby the producer will be available instead of the consumer. I have no doubt that all the banks will be very glad to assist in a sound, practical scheme, which would increase our immigration tivefold. The banks themselves would be largely benefited by creating a new body of customers, and the country itself would be benefited by the increase in its national assets. We must not forget that of the 400,000 men engaged directly or indirectly in the war, only a percentage of these will return, and our producing power will be decreased by the loss. I hope, however, that the Government, aided by the banks and other institutions, will devote its efforts towards the practical solution of these important questions, which cannot be solved by mere oratory. In some matters, speeches are very valuable, but in a great economical question such as this, what we require is work and the application of practical knowledge. Already I think we should have a well-developed scheme, so as to have the country ready when the armies are disbanded. It is not a question of politics, but of grave national importance. It can only be solved by men of broad, practical views, and by means of a system entirely removed from partyism of any kind.

For the present year, I have no doubt we have enough work ahead of us to maintain a certain degree of commercial prosperity in this country. When our present contracts are completed, we will find ample scope for the energies of this country, as well as of Great Britain, to restore matters to anything like the condition they were in, three years ago.

The war will end, it appears to me as a result of attrition. It is not a question of money at all, except incidentally. It is a grinding of one set of nations against another. There can be no decisive battle under the present system of warfare. Food will undoubtedly play the largest part in the determination, and one cannot help observing that the movements of the enemy at present, indicate a very strong pressure in that direction.

I have very great pleasure in supporting the statements submitted by the President, the Managing Director, and the General Manager. I believe they are based upon sound reasoning and reliable facts.

The number of Directors was increased from seventeen to twenty, by an amendment to the Bylaws of the bank, to provide for the addition of three Directors from the Quebec Bank Board.

Mr. J. Marwick and Mr. S. R. Mitchell were appointed auditors for the ensuing year.

BANK'S RECORD OVERSEAS.

A vote of thanks was passed to the President, Vice-President and Directors; also to the General Manager and staff. In replying to the latter, Mr. C. E. Neill, General Manager, said:

In thanking you on behalf of the staff, I must first refer to those who are absent on military duty. The number enlisted from our ranks is now 762, and we have heard of 92 casualties—45 wounded, 38 killed or died of wounds, 1 missing, and 8 prisoners of war. I take this opportunity of expressing publicly our sense of loss, and our sympathy for the relatives of those who will not return.

To those who are fighting our battles unflinchingly in the midst of inconceivable hardship, we owe a heavy debt of gratitude; and we feel that this is realized by none more keenly than the men who bear the brunt of their departure to a great extent. I refer to the many officers who are putting forth splendid efforts with unfailing cheerfulness, under increasing duties. It is not easy to conduct the business, without so many of our trained men. The depleted ranks must be filled almost entirely by junior clerks and by girls, without banking experience, and the labors of our trained men are thus intensified. Had we not been able to secure the services of a large number of capable girls as clerks, the staff situation would have been serious indeed. The total number of girls employed on all posts has grown to 715.

As for the Executive Officials, your approval is naturally a matter of importance and an added encouragement. We endeavor to use our best efforts at all times in the interests of the bank, and it is pleasant to know that we enjoy your confidence.

In connection with the staff, one thing above all others must be borne in mind—our moral obligation to do the very best we can for our men returning from the front. This war is wearing down the fine edge of our feelings in some respects, but it must not be allowed to so dull our sensibilities that we could ever accept the sacrifices of our men as a matter of course. There are problems ahead for us in dealing with them as we wish to deal, but we are fully prepared to give the future of these men our most serious consideration.

BOARD OF DIRECTORS.

The following were elected Directors for the ensuing year:

Sir Herbert S. Holt, K.B.; E. L. Pease, E. F. B. Johnston, K.C.; James Redmond, G. R. Crowe, D. K. Elliott, Hon. W. H. Thorne, Hugh Paton, Wm. Robertson, A. J. Brown, K.C., W. J. Sheppard, C. S. Wilcox, A. E. Dyment, C. E. Neill, M. B. Davis, G. H. Duggan, C. C. Blackadar, J. T. Ross, R. MacD. Paterson, G. G. Stuart, K.C.

At a subsequent meeting of the Directors, Sir Herbert S. Holt was unanimously re-elected President, Mr. E. L. Pease, Vice-President and Managing Director, and Mr. E. F. B. Johnston, K.C., Second Vice-President.

ALLIED MONARCHS SEND THANKS TO CANADIANS

Reply to New Year's Greetings By Expressions of Admiration.

OTTAWA, Jan. 15.—Answering the cables sent by the Canadian Government to eastern allies on the occasion of New Year of the Russian calendar, the following has been received:

"From His Majesty the King of Montenegro to the Governor-General.—Paris, Jan. 14, 1917.—Deeply sensible of the cordial and sincerely appreciated telegram that your grace has sent me on the occasion of the Montenegrin New Year, I beg your lordship to accept and convey to the Government and people of Canada in my name and that of my unfortunate countrymen my heartfelt thanks and the expression of my admiration for the glorious contribution that the Canadian soldiers, whom I have recently visited on the French front, are giving to the certain victory of the Allies.

(Signed) NICHOLAS B."

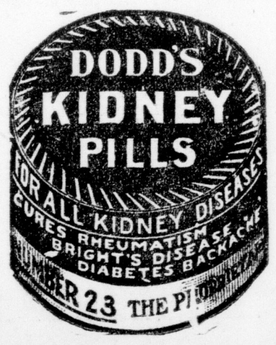
"From His Imperial Majesty the Czar of Russia to the Governor-General—Zarskoeelo Palais.—

"Pray give over to the Government of Canada my greatest appreciation of their New Year's message on behalf of the people of Canada.

"My country and my armies follow the wonderful efforts of the Dominion, as well as the splendid gallantry displayed by the Canadian troops, with deepest sympathy and admiration. May God bless and crown your combined efforts with final victory and glorious peace.

"(Signed), NICHOLAS."

In sending the cable to the king of Montenegro, the Government, uncertain as to his whereabouts, left it to the cable company to find him. His majesty was located in Paris, the message delivered, and the answer promptly forwarded.



If you make your coffee in a percolator, ask your grocer for SEAL BRAND COFFEE

FINE GROUND
(FOR USE IN PERCOLATORS)

The top of each can is marked as above.

In ½, 1 and 2 lb. Tins. Never sold in Bulk.

CHASE & SANBORN, MONTREAL. 186

GREAT REDUCTION IN TORY MAJORITY IN W. SIMCOE RIDING

Late James Duff's Lead of 1,085 Cut to 640.

WHOLE MACHINE AT WORK

Collingwood, a Conservative Stronghold, Shows Disapproval of Toryism.

[Special to The Advertiser.]

COLLINGWOOD, Jan. 15.—The full returns in the West Simcoe by-election give W. T. Allan, Conservative, a majority of 640 as compared with 1,085 of the late Hon. J. S. Duff in 1914. In every municipality in his constituency and in nearly every poll the Liberals made substantial inroads on the old majority of the Conservatives. In Collingwood the gain was 92, Alliston 89, Creemore 17, Essa 266, Nottawasaga 15, Stayner 20, and Tossoronto 46.

The Liberal workers knew they were against great odds. Every force and effort of the Conservatives was brought to bear on the electors.

Industrial leaders, the army of government officials and the officers of the militia are credited to have participated in the campaign, and used their utmost endeavors to corral the votes for the Government candidate.

Capt. Hart, M. P. P., Conspicuous.

Capt. J. I. Hart, M.P.P., in uniform, paymaster of the 177th Battalion, A Company, which is stationed in Collingwood, was prominent in town during the afternoon, and to Liberal workers is said to have proved himself most offensively partisan at one or more of the polling booths in town.

Nothing was left undone to insure a victory. The condemnation of the campaign of abuse, slander and libel indulged in had a telling effect, while the general condemnation of the Government's policy was most pronounced.

Right in Collingwood, the supposed centre of Toryism, the vote shows marked disapproval, which it is said would have been even more in evidence had not the powers that be brought their weight of future patronage prominently before electors and also forced before the more timid the penalties of a contrary vote.

Honorable in Defeat.

Just after the last returns had been received Isaac Scott came into town by the evening train and to the Liberal rooms, where he expressed his satisfaction at the campaign put up by his supporters. In his manly, clear-cut way, he said:

"I would rather have lost a thousand times than have engaged in such a campaign as our opponents won."

One result of the election is that the Liberals have been brought together in a way that has not been known for years before. There is now in the West Simcoe Liberal Association and the Collingwood Liberal Association such life and activity that will in the future make itself felt. Every member of the association realizes that there is a work to be done and all have demonstrated not only their willingness, but their determination to continue the fight for Mr. Scott.

In Collingwood 214 votes more were polled than in 1914, one half of which was probably a soldier's vote and the remainder practically a new vote.

Comparative Majorities.

The returns were received by 9 o'clock and are as follows:

Alliston, majority for Allan 32; Creemore, Allan 64, Scott 71, majority for Scott 7; Collingwood, Allan 761, Scott 570, majority for Allan 191; Essa, majority for Allan 233; Nottawasaga, majority for Allan 77; Stayner, majority for Scott 50; Tossoronto, majority for Allan 164; total majorities, Allan 697, for Scott 57; net majority for Allan 640.

The Liberals received their returns in their committee rooms and while all the desired victory was not attained, the fact is that the results are far from disheartening and there is not the slightest evidence of being downhearted.

SPANISH MONARCH MAY PLAY ROLE OF PEACE MEDIATOR

Former Premier's Tribute Indicates Action of Alfonso as Messenger of Peace.

Madrid, via Paris, Jan. 16.—An intimation that the King of Spain may play a prominent part in coming peace negotiations was given in a speech by Eduardo Dato, former premier, at a banquet given in his honor by the Moderate Section of the Conservatives. Great importance is attached to the words of Senor Dato because of his habitual reserve.

After paying a tribute to the humanitarian role played by the king and referring to the prestige he had thus gained throughout the world, the former premier said:

"On a day more or less distant—and please God that day may be near—the great prestige gained by our king may, for the greater good of humanity, make of him a messenger of peace. Let us have confidence, gentlemen, in the destinies of our dear land while expressing wishes for the peace of the world and the prosperity of Spain. May heaven aid his majesty in his noble and patriotic aim."

TRADING POST IS BURNED.

PORT ARTHUR, Jan. 15.—Word has been received here that the trading post of Revillion Freres of Longueille, North of Nipigon, has been destroyed by fire.

GEN. SMUTS REPRESENTS SOUTH AFRICAN COLONIES

Will Confer With Colonial Leaders at Coming War Conference.

LONDON, Jan. 15.—The war office makes he following announcement:

"The Imperial Government has acceded to the South African Government's request that Lieut.-Gen. Jan. C. Smuts, commander of the British expedition against German East Africa, represent South Africa at the coming imperial war conference in London, instead of Gen. Louis Botha, the South African premier, whose presence is urgently required at the coming session of the South African Parliament.

"Accordingly Gen. Smuts will be replaced in the military command in East Africa, where the situation is now so well in hand that the necessary change in the command will be a simple matter."

SORE CORNS GO! Absolutely Painless

No cutting, no plasters or pads to press the sore spot. PUTNAM'S EXTRACTOR makes the corn go without pain. Takes out the sting overnight. Never fails—leaves no scar. Get a 25c bottle of Putnam's Corn Extractor today.

GIRLS! MOISTEN A CLOTH AND DRAW IT THROUGH HAIR

It Becomes Beautifully Soft, Wavy, Abundant and Glossy at Once.

Save Your Hair! All Dandruff Goes and Hair Stops Coming Out.

Surely try a "Danderine Hair Cleanse" if you wish to immediately double the beauty of your hair. Just moisten a cloth with Danderine and draw it carefully through your hair, taking one small strand at a time; this will cleanse the hair of dust, dirt or any excessive oil—in a few minutes you will be amazed. Your hair will be wavy, fluffy and abundant and possess an incomparable softness, lustre and luxuriance.

Besides beautifying the hair, one application of Danderine dissolves every particle of dandruff; invigorates the scalp, stopping itching and falling hair.

Danderine is to the hair what fresh showers of rain and sunshine are to vegetation. It goes right to the roots, invigorates and strengthens them. Its exhilarating, stimulating and life-producing properties cause the hair to grow long, strong and beautiful.

You can surely have pretty, soft, lustrous hair, and lots of it, if you will just get a 25-cent bottle of Knowlton's Danderine from any drug store or toilet counter and try it as directed.

Save your hair! Keep it looking charming and beautiful. You will say this was the best 25 cents you ever spent.

Look and Feel Clean, Sweet and Fresh Every Day

Drink a glass of real hot water before breakfast to wash out poisons.

Life is not merely to live, but to live well, eat well, digest well, work well, sleep well, look well. What a glorious condition to attain, and yet how very easy it is if one will only adopt the morning inside bath.

Folks who are accustomed to feel dull and heavy when they arise, splitting headache, stuffy from a cold, foul tongue, nasty breath, acid stomach, can, instead, feel as fresh as a daisy by opening the sluices of the system each morning and flushing out the whole of the internal poisonous stagnant matter.

Everyone, whether ailing, sick or well, should, each morning, before breakfast, drink a glass of real hot water with a teaspoonful of limestone phosphate in it to wash from the stomach, liver, kidneys and bowels the previous day's indigestible waste, sour bile and poisonous toxins; thus cleansing, sweetening and purifying the entire alimentary canal before putting more food into the stomach. The action of hot water and limestone phosphate on an empty stomach is wonderfully invigorating. It cleans out all the sour fermentations, gases, waste and acidity and gives one a splendid appetite for breakfast. While you are enjoying your breakfast the water and phosphate is quietly extracting a large volume of water from the blood and getting ready for a thorough flushing of all the inside organs.

The millions of people who are bothered with constipation, bilious spells, stomach trouble, rheumatism; others who have sallow skins, blood disorders and sickly complexions are urged to get a quarter pound of limestone phosphate from the drug store, which will cost very little, but is sufficient to make anyone a pronounced crank on the subject of internal sanitation.