greater than for any other loan made by the warring nations with the exception of the third British issue.

The grain crop of 1918, though light in some sections, has proved the most valuable in our history, and is estimated to be worth $1,235,000,000, as against $825,000,000 in 1915, when the harvest was much more bountiful. The increase of $410,000,000 is entirely due to the high prices prevailing. With improved shipping facilities and the marketing of reserve stocks of grain in Australia, India and in Argentine, lower prices in the future may be anticipated. Increased production and improved farming methods are therefore vital in order that the value of our exports may not be lessened. A beginning has already been made in this direction by the Dominion and Ontario Governments, which are offering special inducements to returned soldiers to settle on unoccupied lands. A desirable type of immigration may be expected from the United States, and all settlers with experience in farming will augment our revenue. Any influx of unskilled labour during the period of reconstruction would only add to our burdens.

Exports of pulp and paper continue to increase. In the last fiscal year they reached a total value of more than $71,000,000, and the next returns promise to be higher. In this connection the Government will be well advised in not imposing restrictive regulations when they interfere with increased production.

There is also a steadily increasing demand, both in home and foreign markets, for Canadian fish. The expansion of this industry will help to decrease the cost of living, provide more employment and add considerably to the national wealth.

Our waterpowers constitute one of our greatest assets, and as these are developed we may expect an influx of capital and the establishment of important industrial enterprises.

It is to be deplored that so much of our raw material is sent out of the country and returned in part in the form of manufactured goods. Wherever we possess an advantage in basic supply, it should be our aim not only to satisfy home demands for the finished product, but to find markets for the surplus outside of Canada.

We have every confidence that the trade mission established in London will be able to secure for us a share proportionate to our sacrifices in the business arising out of reconstruction work in the devastated countries. Arrangements doubtless will be made for an equitable distribution of orders in Canada, and these will require financial support from all the banks similar to that accorded to munition and other war contracts.

Some little time must elapse before trade projects can bear fruit and factories be refitted. To provide for the consequent period of unemployment, the Government has announced its intention of proceeding with public works, which it is hoped will be confined to improving our waterways, port facilities and public roads, and in addition has offered loans for housing purposes, through the provincial authorities.

ADVISES POLICY OF THRIFT

As all our trade enterprises both at home and abroad must be financed by Canadian capital, their success will be measured by the extent of our national capacity for self-denial. To encourage the habit of thrift among all classes, the Government has inaugurated a War Savings Stamp campaign similar to that which proved so popular in Great Britain and the United States. It is unnecessary to enlarge on the value of individual and national thrift. In England the War Savings Committee have recently announced that the organization built up by it throughout the country will be continued as a permanent part of the national machinery. The development of the habit of saving in England has met with marked results, the number of holders of Government securities increasing from 345,000 at the beginning of the war to over 17,000,000 today. The success of the movement in England would seem to justify its permanent retention in this country.

The announcement by the Coalition Government of Great Britain that it intends to [illegible]t a protective tariff, marks a change in fiscal policy which will prove far-reaching in its effect. To strengthen the bonds of Empire the Mother Country will apply the principle inaugurated by Canada and accord a preference to the Dominions and Dependencies on all duties now levied, or which may herafter be imposed. As duties at present exist on sugar, coffee, cocoa and tobacco, the application of this policy will give an important advantage to the West Indies and British Guiana in the markets of the United Kingdom, and greatly increase the prosperity of these tropical possessions.

CAPITAL MUST NOT BE HAMPERED

The Business Profits War Tax Act ceased to apply on the 31st day of December, 1918, except in the case of any company or person who had failed to make returns. The Minister of Finance has wisely made the provisions of this Act practically co-terminous with the period of earning of large profits incidental to special business during the war. If labour is to be given its full opportunity, the capital which finds employment for it must not be hampered.

Since the signing of the armistice a marked tendency has been evident on the part of those in authority in England and the United States to extend the system of paternalism, which was only approved as a war measure. Organizations which have attained maximum efficiency through individual enterprise and experience will now likely pass under the control of inexperienced political executives and unenterprising officials. At this time, when the need for national economy was never greater, it seems imperative that administration should be left in the hands of the most capable, with Governmental assistance whenever it can be usefully extended, and Governmental regulation wherever public interest demands.

In July last we consummated the purchase of the assets of the Northern Crown Bank, which aggregated $27,819,291. After closing 14 offices at points where we already had branches, we secured through this amalgamation 76 branches in Manitoba and the North-West, excellently located, and 20 in Ontario. In this as in previous amalgamations, you will see that our position was very definitely strengthened in a particular district. With the Union Bank of Halifax we improved our connection in the Maritime Provinces, with the Quebec Bank in the Province of Quebec, and with the Traders Bank of Canada, in the Province of Ontario.

You will be asked to adopt a resolution increasing the number of Directors from 20 to 22 to provide for the addition of two Directors from the Northern Crown Bank.

ISSUE OF NEW CAPITAL

I have pleasure in announcing on behalf of the Directors an increase in the Capital Stock of the Bank from $14,000,000 to $16,000,000 by an issue of 20,000 shares at 150 per share, to shareholders of record at the close of business on yesterday's date. The basis of issue will be one share in seven. Under the terms of the Bank Act holders of less than seven shares of old stock will receive no allotment, but the shares comprising the unallotted fractions will be offered to the public for subscription, and any sums derived from such sale in excess of the issue price of 150 per share will be distributed ratably to the respective shareholders from whose shares the fractions arose.

The percentage of capital to deposits having materially decreased owing to the increase in deposits from $140,000,000 at the beginning of the war to $330,000,000 at this date, your Directors deem it expedient to increase the capital, feeling sure that the additional amount can be profitably employed in the rapid development of the Bank's business.

Circumstances permitting, the policy of increasing the capital on attractive terms to the shareholders will be continued in the future.

THE VICE-PRESIDENT

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

The President in his address has referred at length to the salient features of the post-war position, and the General Manager has reviewed the course of the Bank's business during the past year. I shall refer more particularly to the extension of the bank's operations in foreign fields and our policy in that direction.

In June last we established a branch in Barcelona, Spain, in order to participate in the large trade between that country and her former colonies, where we have many branches, and I am pleased to say the results have greatly exceeded our expectations.

We are now preparing to open in Paris, France, in order to secure a share of the commerce which is expected to develop with Canada in the rehabilitation of northern France and Belgium.

In consideration of the Commission sent to Siberia by the Dominion Govenment and the developments to follow, officers have been sent to Vladivostock, Siberia, to open a branch there. This action was taken with the commendation of the Government. The Commission, which comprises representatives of agricultural, mining, transportation and financial interests, was sent to aid in supplying the pressing needs of Russia, and assist in stabilizing conditions there. The organization of a Siberian Supply Commission will follow, and through it goods will be purchased in Canada for shipment to Russia. Siberia needs many commodities which Canada can supply, such as agricultural implements, shoes and clothing.

(Continued on Page 63.)