

DOMINION TRUST COMPANY—Continued

stockholder may be proud, so I will conclude by seconding the adoption of the Report as moved by our President.

Mr. E. P. Miller, General Manager, was called upon, and said:

Mr. President and Gentlemen:

During the past year it has been my duty to spend some time in almost every important city of this country, and I can say that your Company is making marked headway in the securing of public confidence, which, after all, must be the solid basis of a Trust Company.

During the year offices have been opened in Winnipeg, Halifax and Charlottetown, while about twenty agencies have been established in various cities in the Maritime Provinces, and the way your Company has been received augurs well for its success.

During the few months that they have been established considerable amounts have been invested in such securities as the Guaranteed First Mortgage Investments of your Company, and I have no doubt but that this year will show much larger amounts comparatively.

In calling at the various offices, I have been particularly struck with the excellent character of the various staffs, as well as the place in the communities occupied by your various branch managers. It seems to me that this is of the utmost importance, since the impressions of the residents of the various cities in which we are located must be influenced, if not actually formed, very largely from the personalities of the Managers and their staffs.

The remarkable enthusiasm displayed, the sense of responsibility felt, the loyalty of each to the institution, is certainly a very great asset to an institution such as a Trust Company, which depends for success more on the personnel composing same than on almost any other single matter.

Another matter to which I would like to refer is the ability of this Company to render satisfactory service. This is a most important consideration from your standpoint, in as much as the future of any business depends on the treatment of customers and the results of efforts on behalf of all such clients.

In this respect I feel sure that this Company is not excelled, and I doubt if it is equalled by any other, as it is my firm conviction, shared with every officer of the Company, that the maintaining of business is of more importance than the efforts to create business, the results of which latter have been so clearly set out by the Managing Director.

The year 1913 was one of distinctly adverse conditions. That your Company should have made such great progress during that period is a matter on which I feel you are to be congratulated.

The future of a Company, adding rapidly to its list of clients, with losses therefrom so small as to be practically a negligible quantity, may be left to the imagination.

The President addressed the meeting as follows:

Gentlemen:

The year 1913 will probably be remembered as the year of financial stringency.

Throughout the world business had been for a considerable period growing at a very rapid rate, requiring ever-increasing capital and causing almost universal employment, with the ever-recurring result of extravagance on the part of the people as a whole.

In my address to you two years ago you may remember I referred with regret to the growing tendency toward extravagance and mentioned that this did not promise well for the future. Since then the desire for luxuries has continued to increase.

Extravagance means waste, and political economists show us that waste detracts from the sum of human comfort. The yearly fire waste in Canada is a matter which is receiving considerable attention because so much of it is preventable. During 1913 the loss in Canada was \$26,346,618.00 against \$22,900,712.00 in 1912. The theory that losses from fire are not total waste because of the employment given in rebuilding is erroneous. The fact is that the capital used in rebuilding is taken from other employment. Assuming that the owner of the house had intended to use his \$5,000 to put land under cultivation and pay wages for the work, then the burning of his home diverts that capital from its intended use and is consumed in paying wages for rebuilding the home.

The owner is not better off so far as a home is concerned than before the fire—he and the world at large are in a worse condition by the fact that the lands remain unproductive.

The advent of the automobile has given employment to many but has taken their labor from more productive channels. In a few years the machine is worn out, the capital

used to build it is lost, for it must be remembered that a demand for commodities does not increase the amount of labor, but determines the direction in which it is employed. Capital is merely that part of wealth conserved to aid future production.

Capital is needed in Canada for development. Capital is the result of saving, not of spending. Therefore we should have more saving and less spending.

Such disturbing political conditions as the Balkan War with the consequent wiping out of \$500,000,000.00 of the world's accumulated funds, accentuated an already unsatisfactory state of affairs, and to this was added the hoarding of European nations in anticipation of the possibility of war between some of the larger Powers.

The necessary result of these accumulated causes was anticipated by the heads of our banking institutions, who sent out warnings early in the year, notifying the public that a period of tight money was to be expected, and advising business men that not only should great care be exercised in commitments requiring borrowed capital, but that a period of actual retrenchment was necessary.

Too much credit cannot be given these men for their foresight as well as their handling of the problem.

The gradual demands for higher rates of interest on the part of investors during 1911 and 1912 had led Canadian Municipalities to hold over the sale of their debentures hoping for improved market conditions during which time the improvements for which the debentures had been issued had been carried on by borrowing from the banks.

The general prosperity had led to what was undoubtedly excessive Real Estate speculation.

This latter condition was promptly discouraged by bankers and the municipalities were forced to liquidate their indebtedness by selling their debentures at the best price possible—thus releasing much money which might be used for business purposes.

The excellence of the methods adopted may be demonstrated by the fact that while Canada is and must for a long time remain a large borrowing nation and therefore susceptible to great inconvenience during such periods, yet while many European and American banks failed during the year, yet no such calamity occurred in Canada—in fact no conditions approaching those of a panic were anywhere evident in this country.

To our banking system and the ability of the men in charge of it may be largely attributed the fact that this country went through the year almost unscathed in a financial sense, for while some little apprehension was being felt for Canada during 1911 and 1912 in European circles, yet the testing time has done much to remove that feeling, and the soundness of Canadian investments as a whole proven.

There are some unfortunate developments due to over capitalization and inefficient management in industrial enterprises which have been brought forward prominently, but these are comparatively few in number and insignificant in amount.

That there is no real cause for apprehension regarding the ability of Canada to take care of her borrowings may be shown from the fact that the interest charges on Canadian loans amounts to about \$150,000,000.00 yearly—a large sum, yet the yearly production of the country amounts to over 2½ billions, made up of crop products, 526 millions; fisheries, 35 millions; minerals, 145 millions; manufactured products, 1,620 millions.

In 1913 the field crops reached the enormous value of \$552,771,500.00.

However, it seems hardly necessary to produce evidence of the soundness of Canadian securities when it is already recognized, as evidenced by the fact that in 1913, notwithstanding the world scarcity of funds and consequent dearth of money, Canada borrowed from Great Britain alone the unprecedented sum of £47,363,425, made up of Dominion, Provincial, Municipal, Industrial, Railway, Mortgage and Land securities.

Besides the above there were a great many smaller private sales, so that the total is probably in excess of \$300,000,000.00.

During the year there has been a marked tendency on the part of investors of the republic to the south, to purchase Canadian securities.

According to carefully compiled figures, the total investments of the United States in Canada are about 637 millions, of which sum the investments in Government, Municipal and Corporation Bonds of Canada amount to a little less than 124 millions, the balance being largely in industrials and lands.