# Progress of Canada

### Interesting address by the President and General Manager of the Canadian Bank of Commerce at the Annual Meeting of the Bank.

We have grown accustomed to look to Sir Edmund Walker's address at the annual meeting of The Canadian Bank of Commerce for a comprehensive review of the history of the year, and instructive comment upon prevailing conditions. In his recent address we note the following passages of general interest:

"I shall not apologize as I did a year ago for asking you to devote your attention to the material affairs of Canada at a time when the Empire and its Allies are fighting for the greatest of all causes—the liberty of the world. Canada has in that short time so enlarged her sphere of action that only the blind could fail to see that every detail of our national life which aids or hinders our power to serve in the great conflict is of supreme importance. In the terrible winter of 1914-15 we did not realize that our aid was to count for much in the struggle, greatly as we desired to help. We did not really believe, despite the warning of Kitchener, that the war would still be raging in 1917 with the end not nearly in sight. Now we do not talk of any definite time for the end; we only know that the last man, the last gun, the last dollar, may be needed, but that we shall win beyond any peradventure if the people in all the Allied countries can be made to understand what is required of them.

#### Exports Exceed Imports

"Turning at once to our trade with other countries, that being the best indication of the tendency of affairs at the moment, we find that, leaving out the shipments of gold and bullion, both inwards and outwards, our exports for the fiscal year ending 31st March, 1916, exceeded our imports by $249,088,274, and that for the six months ending 30th September, 1916, the excess was $141,100,898. We cannot keep in mind too clearly what has happened since the end of our period of expansion in 1913, and a repetition of the figures given last year will aid us to do so

| Fiscal year. | Imports. | Exports. |
|---|---|---|
| 1912-13 ...... | $686,515,536 | $377,068,355 |
| 1913-14 ...... | 635,383,222 | 455,437,224 |
| 1914-15 ...... | 497,376,961 | 461,442,509 |
| 1915-16 ...... | 530,211,796 | 779,300,070 |
| 6 mos. ending September.. | 405,901,765 | 547,002,663 |

| Fiscal year. | Excess Imports. | Excess Exports. |
|---|---|---|
| 1912-13 ...... | $309,447,181 | ...... |
| 1913-14 ...... | 179,945,998 | ...... |
| 1914-15 ...... | 35,934,452 | ...... |
| 1915-16 ...... | ...... | $249,088,274 |
| 6 mos. ending September.. | ...... | 141,100,898 |

"The improvement from year to year is as follows:

| | |
|---|---|
| 1913 to 1914 .......... | $129,501,183 |
| 1914 to 1915 .......... | 144,011,546 |
| 1915 to 1916 .......... | 285,022,726 |
| 1913 to 1916 .......... | $558,535,455 |

"For the six months of the present year the gain over the astonishing figures for the first half of last year is nearly another 100 millions.

"The gain of 285 millions in our foreign trade as compared with March, 1915, is almost all due to the increase in the value of the exports, the increase in the imports being only 32 millions.

#### Effective Economy

"If we are really to exercise an effective economy we should be very jealous as to the nature of any imports not necessary for the production of war supplies or for our national existence. There is some improvement in this respect, but it is not pleasant to see about 10 millions sent abroad for motors and about as much more for silk goods and velvets. The chief increases are in iron and steel bars and goods, and in iron ores, in machinery, in wool, cotton, and jute and in goods made therefrom, in raw rubber, in various chemicals, oils, explosives, etc., needed for making munitions, in various articles for the army and navy, and to a considerable extent in foodstuffs, so that apparently the chief increases are in necessary articles although we regret that many of them were not made in Canada. There is a large increase in our exports under every general heading, especially under manufactures, mining, agriculture and animals and their products. The total of our imports and exports of merchandise in the fiscal year ending March, 1916, was $1,309,511,866, against $241,025,360 in 1896, that being also a period of excess exports. This enormous foreign trade is of course coincident with a great decline in all domestic trade not connected with the war, and is swollen largely by purchases of steel and other material imported from the United States to be used here in making munitions; the money result is abnormal because of the high price of almost every known commodity. I am not putting forward the figures, however, as a guide to what may be possible after the war, I am putting them forward as an indication of what may be accomplished when we are spurred by great events. The financial ideal for us at the moment is to pay interest on our foreign indebtedness, to provide our share of the cost of the war, and to lend as much as possible to Great Britain to pay for munitions made for her by Canada. We are apparently accomplishing this, but in the absence of figures we cannot estimate what amount of profit from our home trade is eventually invested in war securities. We are, however, being helped to accomplish this result, in a manner which may deceive us, by the large market in the United States for our securities, and also by the many subscriptions received from our wealthy neighbors when issues of our own war loans are made in Canada.

#### Agricultural Production

"The only direction in which the tide of prosperity in the United States is not at the full is in agricultural production. In a year when the world is facing the highest prices of recent times, the great decrease in the wheat crop, the moderate yields of corn and oats, the small yields of minor products, and the adverse effect of high-priced feed on the live stock situation, are matters of deep concern. The individual producer may be compensated, at least partially, for the low yield by the higher price, but no comfort for the consumer, weary of high prices, can be found in a world short of food and of almost every commodity that enters into his daily needs.

"A matter of supreme importance to Canada, and for the frequent reference to which no excuse is needed, is that we must as far as possible provide the cost of the war at home.

#### Cost of the War

"At the end of October the war had cost us a little over 350 millions and at our present rate of spending 300 millions more may be added during the coming year. From the excess of revenue over expenditure we may at the end of the fiscal year have 50 millions, or even more, to apply on war charges. To provide for so great a proportion of the total cost of the war in this manner reflects great credit on those who are responsible for Dominion finance. We have managed to finance the remainder of the cost thus far partly by an account with the Imperial Government for oversea and other disbursements, and partly by loans floated in Canada. Over 100 millions of the amount due the Imperial Government has been funded permanently, and most of the balance is offset by payments on Great Britain's account. Some loans for ordinary capital expenditures which could not be deferred were made in New York in 1915. In March, 1916, a second loan was placed in New York amounting to 75 millions, of which 25 millions was used to take up a corresponding amount of the 45 millions borrowed in July, 1915. In September, a second loan in Canada was offered. This time the Finance Minister asked for 100 millions and the subscriptions exceeded 200 millions, the banks receiving nothing on their underwriting of a portion of the loan. These are such notable achievements that I am sure they cannot have escaped the memory of any Canadian, but I mention them for the benefit of the very large number of people outside Canada who read our annual reports.

#### War Finance

"In this review of the finances of the year it is necessary to recall that the proceeds of the first war loan of November, 1915, 100 millions were used mainly, if not altogether, in the year 1916. There is one feature in Canadian war finance which differs in a marked degree from that of Great Britain. Our Finance Minister has as far as possible funded the debt as it has been incurred, with maturities neither so long as to involve present rates of interest for too many years, nor so short as to trouble the Government during a period of some years beyond any probable duration of the war. One of the disturbing features of the finance of Great Britain is the enormous quantity of treasury bills which must be renewed at very short intervals.

#### Thrift for the Empire

"Thrift for the individual is excellent, but just now that is of minor importance. Thrift for the sake of Canada, thrift for the sake of the Empire, thrift to win the war should be our cry. We shall not fail for men, difficult as enlistment may be. We shall not fail because of inability to make or to procure war supplies. If we fail it will be because we have wasted on unnecessary things the money that would have won the war. The man or woman who works hard at making shells may take much comfort in helping to win the war, but the man or woman who, in addition, saves a part of the present high wages due to the war and buys a war security, or helps a bank to do so, has helped twice, and the second kind of help is the most vital. The manufacturers of the United States will make war supplies for money. We are doing better only if we supply them on credit.

"In addition to the credits for munitions, the Canadian banks are at the moment giving credits to the British Government for the purchase of wheat to the extent of 20 millions, but the transactions are for a shorter duration than the obligations already mentioned.

#### Bank Deposits

"The total of the deposits of Canadian banks at 30th November last was $1,521,349,000, as compared with $1,288,985,000 at the same date in 1914, an increase of $232,364,000. Our deposits will, we trust, continue to increase, but the extent of the increase will depend on the results of the campaign of thrift, and only to a proportionate extent shall we be able to help in the way which we believe most vital in winning the war. We must, of course, bear in mind that the war securities held by the banks are only a part of the resources which are being used for war purposes and that the loans made to every manufacturer of war supplies have to be included to indicate the total extent to which their resources are so used.

#### Prosperity General

"The review of business conditions which accompanies our annual report records prosperity beyond anything we have ever known in almost every part of Canada. This results from the existence of a market which needs almost everything we produce and which must pay almost anything the seller asks. If it is true that ninety per cent of the exports of the United States are a result of the war, much the same must be true of Canada, and in addition a large part of our home consumption is due to the requirements of the Canadian army. As individuals, almost all are gaining by the war, except those with more or less fixed incomes and without power to adjust the same when prices are high, and those who are engaged in business not connected with war supplies. The money made by the individual, however, has, so far as the nation is concerned, to be provided by a war debt incurred partly by Canada and partly by Great Britain. We do not, like the United States, receive gold in exchange for a large part of our products, we even borrow from the United States part of the cost of the war.

#### The Dollar Saved

"If we could free ourselves from the habit of thinking of commodities merely in the terms of their money value, we should discover that what we are doing is to provide material to help our gallant sons and their fellow Britons to win the war, and that there is no one to pay for this material ultimately but ourselves and the Motherland. Therefore, in the monthly letters issued by this bank we have constantly preached thrift in order to discourage people from spending that which as a nation we cannot afford to spend. We repeat once more that every dollar any Canadian saves, whether he buys a war bond therewith or indirectly enables the banks to do so, is one dollar more of power to win the war, and that particular dollar no one else can provide if he fails to do so. We are told by every one who visits England, and especially by those who have also seen the battle line and the conditions there, that in Canada we act as if no war existed.

#### Extravagance

"I have referred to the motors and the silks, but they are only examples of an extravagance which is observable in every direction. We should undoubtedly forbid, or at all events heavily penalize, the importation of all luxuries; municipal expenditures should be further curtailed and all projected improvements first submitted to the criticism of Provincial commissions; we should not think it amiss if the expenditures of individuals at eating places are legally restrained and meatless days are instituted. I am not endeavoring to say in what directions economy should be enforced in Canada as it has been in England, but beyond a doubt it must be enforced in many directions if it is not voluntarily adopted by our people.

#### Production and Prices

"It is not easy to conjecture how far the prosperity of Canada is due to the activity in production of all kinds, to the ready market and high prices, and how far to the grain crop of 1915, a crop so extraordinary that it exceeded some estimates by seventy million bushels and our own by fifty-seven million, but it is well to remember that our prosperity was due to both causes and that the crops this year have not been good. If we have throughout Canada a fair average result, that is the best we can say of our agricultural and pastoral production. High prices will make up for this to the producer, but nothing can make up to the nation for the shortage of foodstuffs at such a time. The liquidation of debts following the great crop in the West, the improvement in the towns and cities of the prairie provinces and British Columbia, the growth in bank deposits, the marked improvement in railroad earnings, and the increase in the figures of every clearing house in Canada, are all things so directly dependent upon the great crop that we must expect a lesser degree of prosperity in the West in 1917.

#### War Purchases

"The purchases on Imperial account by the Department of Agriculture for the year to 23rd December, amount to 186,000 long tons of hay, 450,000 tons of oats, equalling nearly 30,000,000 bushels and 187,000 tons of flour, the amount expended in this way being over $37,500,000.

"Among the purchases of the British War Office Purchasing Department at Montreal for the past year, are the following items:

| | |
|---|---|
| Cottons and woollens ....... | $1,000,000 |
| Foodstuffs — cheese, canned meats, vegetables, etc...... | 20,000,000 |
| Miscellaneous merchandise of iron and steel ............ | 1,500,000 |
| Other miscellaneous merchandise ..................... | 1,500,000 |
| | $24,000,000 |

"There are, of course, thousands of articles not mentioned here which are made in Canada, the cost of which represents many millions; indeed it is a most gratifying fact that Canada has been able to produce nearly everything required by our army, the exceptions being binoculars, machine guns, revolvers, motor trucks, and some less important articles.

"Since the war began we have learned