

The Chronicle



Banking, Insurance and Finance

ESTABLISHED JANUARY, 1881

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THE GENERAL FINANCIAL SITUATION

While the decision of the Allied Powers to allow resumption of trade with Russia, under restrictions, is not of direct interest to Canada, as commerce between the two countries has never been more than negligible in quantity, it is of some indirect interest in regard to possible effects on the supply of goods of which North America, in common with Western Europe, is considerably short at the present time. Really reliable information regarding the commodities which Russia has to exchange appears to be lacking, but various accounts state that considerable quantities of food-stuffs, particularly of wheat, and also of flax, are available. If this should prove to be the case, the wheat would be a desirable supply for the European countries suffering from a food shortage, while the flax would be welcomed by the world at large, which has almost forgotten what real new linen looks like. However, it seems easily possible to exaggerate the relief in shortage of supply that is likely to come from this source. Transportation difficulties, particularly inland transportation difficulties, will no doubt be very considerable, and it is not clear whether any satisfactory arrangement for payment can be made. The possibility of barter is hinted at, but that obviously is only possible on an extremely limited scale. Russian currency is in a hopelessly chaotic condition. Altogether it seems wise to await the course of events before indulging in any hopes that the re-opening of trade with Russia will quicken to any perceptible extent the supply of staple commodities in the western markets.

The local Stock Markets, which have shown more independence of Wall Street than formerly, since the rise in that market, at the beginning of the week, succumbed to the Wall Street depression. Prices of some of the non-dividend paying stocks, which have been most in the limelight during the last year, have weakened considerably; even if their fall have not been unduly serious, the tendency in this connection being hastened by disappointing declarations on some of these stocks which are just at the stage of moving into the dividend paying class. It is stated that private

lenders, who have been a very important factor in financing the Stock Exchange "boom" of 1919, have been calling funds, and in some quarters there is a tendency to anticipate tighter money. If this really materialized, possibly several of the non-dividend paying stocks, which for some time have been discriminated against by the banks, would suffer considerably. The effects of post-war inflation have been so extraordinary on the local Stock Exchange that prophecy in this connection is certainly rash. Unless, however, all experience is false, the time must come sooner or later, when intrinsic values and earning capacity will have more weight on quoted values than they have had during the past twelve months.

In New York the decline in stock market values is stated to be a result of the necessity for a readjustment in the general field of credit. The evidences of tight money seen in the statement of the New York Federal Bank are said to be wholly contrary to the experience of any January market in this generation. The statement of the Federal Reserve System, it is pointed out, gives ground for believing that instead of the familiar old-time programme of the interior drawing funds from New York in autumn and sending them back with a rush after the turn of the year, that New York and its Reserve Bank were virtually drawing on the credit of inland markets during the last two months of 1919, and have been paying back these requisitions with the beginning of 1920. The unavoidable logic of the situation, therefore, was that the New York Stock Market must lead in the process of readjustment.

Attention is called in this connection to the recently issued memorandum, signed by international bankers and statesmen, calling for an international conference at an early date, to consider the whole question of the credits, which must be advanced to Europe. This task, it is pointed out, will be undertaken at the same time as an active home trade is being financed, and in home trade there is as yet not a sign of relaxed activity. The inference is that financial resources will be employed in new requisitions vastly more important

(Continued on page 89)

BANK OF MONTREAL

Established Over 100 Years

Capital Paid Up, \$20,000,000

Res. 2,000,000

Undivided Profits, 1,812,854

Total Assets

\$545,304,809

BOARD OF DIRECTORS:

SIR VINCENT MEREDITH, Bart., *President.*

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HEAD OFFICE: MONTREAL

Sir Frederick Williams Taylor, *General Manager.*

BRANCHES OF THE BANK LOCATED IN ALL IMPORTANT CITIES AND TOWNS IN THE DOMINION.

Savings Department connected with each Canadian Branch and interest allowed at current rates.
Collections at all Points throughout the world undertaken at favorable rates
Travellers' Cheques, Limited Cheques and Travellers' Letters of Credit issue, negotiable in all parts of the world.
This Bank, with its Branches at every important point in Canada, offers exceptional facilities for the transaction of a general banking business.

PRINCIPAL BRANCHES OUTSIDE OF CANADA:

LONDON, Eng.: 47 Threadneedle St., E.C.

G. C. CASSELS, Manager.

Sub-Agency: 9 Waterloo Place
Pall Mall, S.W.

In the United States.—

NEW YORK. CHICAGO. SPOKANE.
SAN FRANCISCO—British American Bank
(owned and controlled by Bank of Montreal)
and at MEXICO CITY

PARIS, FRANCE—Bank of Montreal—(France 17 Place Vendome,
NEWFOUNDLAND: St. John's, Carbonear, Curling, Ferryland, Gaultois, Grand Falls,
Greenspond, and St. George's.

Exports

A Special Department of this Bank is devoted to the interests of the foreign business of its customers.

Exporters and others having business relations with foreign countries are invited to avail themselves of the very complete information which has been gathered by the Bank's Foreign Department. This may be done through any one of the Bank's many branches.

The Canadian Bank of Commerce

Capital Paid Up \$15,000,000 Reserve Fund \$15,000,000

THE MOLSONS BANK

Incorporated in 1855

CAPITAL AND RESERVE \$9,000,000

Over 120 Branches

The tremendous credit business which is done these days could not be accomplished without the assistance of the banks. If you require a line of credit and have good grounds to base it on, The Molsons Bank will be glad to advise and assist you as far as it can. Have a talk with the Manager.

HEAD OFFICE: - MONTREAL

E. C. PRATT, General Manager

The Royal Bank of Canada

HEAD OFFICE, MONTREAL

LONDON, ENG.

Princes St., E. C.



NEW YORK

68 William St.

BARCELONA

Plaza de Cataluna 6

FRENCH AUXILIARY :

THE ROYAL BANK OF CANADA (FRANCE)
PARIS, 28 Rue du Quatre-Septembre

With our chain of 630 Branches throughout Canada, Newfoundland, the West Indies, Central and South America, we offer a complete banking service to exporters, importers, manufacturers and others wishing to extend their business in these countries. Trade enquiries are solicited. Consult our local Manager or write direct to our FOREIGN TRADE DEPARTMENT, MONTREAL, Que.

Capital Paid Up and Reserves = \$35,000,000

Total Assets - - - - = \$533,000,000

HOME BANK OF CANADA

LOANS ADVANCED

AT CURRENT RATES

Upon any form of security recognized as adequate in BANKING PRACTICE —Prospects for the extension or development of industry invited for consideration.

Branches and Connections Throughout Canada

MONTREAL OFFICES :

Transportation Building, 120 St. James St.

2111 Ontario St. East

1318 Wellington St

cor. Davidson St.

VERDUN

THE DOMINION BANK

Head Office, TORONTO.
London, Eng., Branch

Established 1871
78 Cornhill, E. C.

Capital Paid Up..... 60,000,000
Reserve Fund..... 87,000,000

BOARD OF DIRECTORS:

Sir Edmund B. Osler, President
A. W. Austin, Vice-President
Sir Augustus M. Nanton, Vice-President
James Carruthers
R. J. Christie
Sir John C. Eaton
E. W. Hamber
H. W. Hutchison
Wilmot L. Matthews
R. S. McLaughlin
W. W. Near
A. T. Reid
H. J. Williams
C. A. Bogert, General Manager

Montreal Branch :

180 St. James Street, MONTREAL

M. S. BOGERT, Manager.

THE BANK OF NOVA SCOTIA

INCORPORATED 1833

Capital - - - - \$9,700,000.00
Reserve Fund and Un-
divided Profits over - 18,000,000.00
Total Assets over - 220,000,000.00

Head Office - - HALIFAX, N.S.

CHARLES ARCHIBALD, President

Genl. Manager's Office, TORONTO, Ont.

H. A. RICHARDSON, General Manager

Branches throughout every Province in Canada,
and in Newfoundland, Jamaica and Cuba

BOSTON CHICAGO NEW YORK

SERVICE

builds an institution. It doesn't grow with haphazard or unbusiness like methods.

Each succeeding year finds a larger volume of new assurance written on Old Policyholders. Their appreciation is evidenced in their loyalty to the Company. "Once a Policyholder, always a Policyholder."

Life Insurance, The Manufacturers Life way, means a competence if you live; an estate if you die. Write for particulars of our Guaranteed Plans.

THE MANUFACTURERS LIFE INSURANCE COMPANY

HEAD OFFICE - - - - - TORONTO, Canada

Exchange Fluctuations

and changing conditions of the money market do not affect the Bonds of this Corporation. These Bonds are issued in sums of \$100 and upwards, for terms of one or more years, as desired by the investor, and are payable at their face value at maturity.

They bear a very attractive rate of interest, which is payable half-yearly, coupons therefor being attached to each Bond.

It is highly desirable from every point of view that Canadians should invest in Canadian securities, and these Bonds are among the most desirable investments obtainable. They are a stable, sound security, and have stood the acid test of the investment market for half a century.

Further information cheerfully furnished on request.

CANADA PERMANENT MORTGAGE CORPORATION

TORONTO ST.

Established 1855

TORONTO

The Trust and Loan Co.

OF CANADA

Capital Subscribed \$14,630,000.00
 Paid-up Capital 2,000,000.00
 Reserve Funds 2,000,000.00

MONEY TO LOAN ON REAL ESTATE

30 St. James Street - Montreal

ESTABLISHED 1873

THE

Standard Bank

of CANADA

QUARTERLY DIVIDEND NOTICE No. 117

A Dividend at the rate of THREE AND ONE QUARTER PER CENT ($3\frac{1}{4}\%$) for the three months ending 31st January, 1920, has been declared, payable on the 1st of February, 1920, to Shareholders of record as at the 17th of January, 1920

The Annual General Meeting of the Shareholders will be held at the Head Office of the Bank, 15 King Street West, Toronto, on Wednesday, the 25th February, 1920, at 12 o'clock noon.

By order of the Board,

C. H. EASSON,
General Manager

Toronto, 26th December, 1919

The MERCHANTS BANK OF CANADA

HEAD OFFICE - MONTREAL

Capital Paid-up	\$ 7,000,000
Reserve and Undivided Profits	7,574,043
Total Deposits (Nov. 30, 1919)	167,000,000
Total Assets (Nov. 30, 1919)	200,000,000

Board of Directors

SIR H. MONTAGU ALLAN, C.V.O., President
 K. W. BLACKWELL, Vice-President
 F. HOWARD WILSON, THOS. LONG, A. B. EVANS
 SIR FREDERICK ORR LEWIS, Bart.,
 Lt.-Col. J. M. MOODIE, F. ROBERTSON,
 E. W. KNEELAND, A. J. DAWES,
 THOS. AHEARN, Hon. C. C. BULLANTYNE,
 G. L. CAINS, Hon. LOURNE C. WEBSTER,
 D. C. MACAROW, General Manager,
 T. E. MERRETT, Supt. Branches and Chief Inspector



AN ALLIANCE FOR LIFE

Many of the large Corporations and Business Houses who bank exclusively with this Institution, have done so since their beginning.

Their banking connection is for life—yet the only bonds that binds them to this bank are the ties of service, progressiveness, promptness and sound advice.

364 Branches in Canada

Extending from the Atlantic to the Pacific

New York Agency: 68 & 65 Wall Street

ESTABLISHED - 1878

IMPERIAL BANK OF CANADA

DIVIDEND No. 118

NOTICE is hereby given that a dividend at the rate of TWELVE PER CENT. (12 p.c.) per annum upon the paid-up capital Stock of this Institution has been declared for the three months ending 31st January, 1920, and that the same will be payable at the Head Office and Branches on and after Monday, the 2nd day of February next.

The transfer books will be closed from the 17th to the 31st January, 1920, both days inclusive.

By order of the Board,

W. MOFFAT,
General Manager.

Toronto, 2nd December, 1919.

The Chronicle

Banking, Insurance and Finance

Established 1881.

Published Every Friday

F. WILSON-SMITH, Proprietor and Managing Editor

OFFICE:

406-408 Lake of the Woods Building,

10 St. John Street, Montreal.

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MONTREAL, FRIDAY, JANUARY 23rd, 1920

THE GENERAL FINANCIAL SITUATION

(Continued from front Page)

than the bidding up of prices for shares of Steel and Oil and Motor companies, and that in consequence Wall Street prices are not likely to resume their spectacular demonstration for some time to come.

One satisfactory feature of the local financial situation is that the issues of investment securities made since the flotation of the last Victory loan, are uniformly reported as having been well taken up. As an indication that funds are being used in large amounts for the purpose of stimulating new production, this is a particularly welcome sign. As regards the highest grades of Canadian securities, Provincial and Municipal bonds, there is no doubt that present price levels are low, and that the outlook is for an improvement in values, in view of the fact that the great bulk of the Dominion Government's financing, consequent upon the war, has now been completed, and that even if a further Dominion Government loan is issued in the fall, as appears probable, it will not be for so large an amount as previous loans. This Dominion Government financing has served as a great check upon the values of Provincial and Municipal securities, which check has in effect now been removed. While it is not likely that the immediate future will see a return of these securities to their pre-war level of interest rates, the tendency of interest rates should be gradually downward, and looking forward over a period of say three to five years, it certainly appears likely that holders of fixed interest bearing securities should benefit considerably as a result of appreciation in values.

The December trade figures are satisfactory, particularly as regards exports. The month's total of these reached the high figure of \$133,541,805, a December total which has only been exceeded in December, 1917, when exports of war munitions were at their maximum, and an increase of \$38,988,373 in comparison with December, 1918. The increase is mainly accounted for by growth

in exports of foodstuffs (\$3,000,000), and animal products (\$11,300,000), and by a sharp increase in exports of wood, paper, etc. (\$6,000,000). Imports are also at a high level, their total of \$94,553,432, comparing with \$73,341,265 in December, 1918. It is evident from these figures that the prediction made in these columns some weeks ago that imports from the United States are not likely to show any sudden decline as a result of the rise in New York funds was correct, and that any movement looking towards a restriction of imports will only be very gradual.

We have been asked for an expression of opinion regarding the alarmist speeches made by Sir George Paish in the United States. We think that too much attention has been paid to an individual who, so far as we can see, is on a self-appointed mission, and speaks for nobody but himself, and a small group of folk notable for their humanitarian tendencies, but not conspicuous for either economic or financial knowledge. We are inclined to think that Sir George Paish's reputation on this side of the Atlantic is considerably greater than it is in England. Conditions in some parts of Europe are undoubtedly very bad, but we doubt very much if Sir George Paish has done anything more than hurt his own cause by the tone he has adopted in his addresses—a tone which London bankers strongly resented.

Sir George Foster gave an admirable address this week to the Montreal Canadian Club on the problems of reconstruction. If he said nothing new, that was scarcely his fault, since there is only one remedy for conditions of high prices and shortage of materials that we have today—work and saving. When that fact has permeated the intelligence of the masses, and they act accordingly, there will be some relief from present high prices—but not before.

TRAFFIC RETURNS

Canadian Pacific Railway				
Year to date	1917	1918	1919	Increase
Nov. 30	\$136,010,000	\$138,420,000	\$156,390,000	\$17,970,000
Week ending	1917	1918	1919	Increase
Dec. 7	3,289,000	3,480,000	3,797,000	317,000
Dec. 14	2,908,000	3,780,000	3,935,000	155,000
Dec. 21	.....	3,731,000	3,715,000	Dec. 16,000
Dec. 31	.....	4,613,000	5,403,000	790,000
Grand Trunk Railway				
Year to date	1917	1918	1919	Increase
Nov. 30	\$53,960,414	\$53,272,039	\$61,546,136	\$8,274,096
Week ending	1917	1918	1919	Increase
Dec. 7	831,442	\$1,379,502	\$1,294,019	Dec. 85,483
Dec. 14	.....	1,385,902	1,341,590	Dec. 44,312
Dec. 21	.....	1,494,406	1,235,059	Dec. 259,347
Dec. 31	.....	1,866,004	1,875,184	9,180
Canadian National Railways				
Year to date	1917	1918	1919	Increase
Nov. 30	\$.....	\$72,809,715	\$82,698,389	\$9,888,674
Week ending	1917	1918	1919	Increase
Dec. 7	\$.....	1,714,173	2,070,372	356,199
Dec. 14	.....	1,800,902	1,918,932	118,030
Dec. 21	.....	2,095,401	2,002,317	Dec. 91,084
Dec. 31	.....	2,679,495	2,836,861	157,368



**THE LIVERPOOL AND LONDON AND GLOBE
INSURANCE COMPANY LIMITED
CANADIAN BRANCH, HEAD OFFICE - MONTREAL**

DIRECTORS:
James Carruthers, Esq. Sir Alexandre Lacoste
M. Chevallier, Esq. Sir Frederick Williams-Taylor, LL.D.
William Molson Macpherson, Esq.
J. Gardner Thompson, Manager. Lewis Laing, Assistant Manager
J. D. Simpson, Deputy Assistant Manager.



**THE LIVERPOOL - MANITOBA
ASSURANCE COMPANY**

Liability Guaranteed by THE LIVERPOOL and LONDON and GLOBE Insurance Company Limited
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**The Globe Indemnity Company
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Liability Guaranteed by THE LIVERPOOL and LONDON and GLOBE Insurance Company Limited
Head Office: 343 Dorchester Street W., MONTREAL

**CASUALTY Insurance including Accident, Sickness, Guarantee, Burglary
Employers' Liability and Automobile**
== FIRE INSURANCE ==

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J. Gardner Thompson, President, Lewis Laing, Vice-President.
Jas. Carruthers, M. Chevallier, Wm. Molson Macpherson, A. G. Dent, J. D. Simpson,
Sir Frederick Williams-Taylor, LL.D. Sir Alexandre Lacoste.

**410 TONS OF GOLD HAVE BEEN PAID TO
POLICYHOLDERS BY
Insurance Company of North America**

THE OLDEST AMERICAN STOCK FIRE INSURANCE COMPANY

WE MAINTAIN A DEPARTMENT TO ASSIST AGENTS IN SECURING LOCAL RISKS CONTROLLED OUTSIDE. IF THERE ARE ANY
SUCH RISKS IN YOUR FIELD, WRITE US ABOUT THEM. WE MAY BE ABLE TO HELP YOU. IT IS WORTH TRYING.

ROBERT HAMPSON & SON, LIMITED GENERAL AGENTS FOR CANADA **MONTREAL**

THE BRITISH GENERAL INSURANCE CO. LIMITED

OF LONDON, ENGLAND

Will commence operations (Fire Insurance) in Canada with the New Year 1920
Head Office for Canada - Lewis Building, Montreal

THOMAS F. DOBBIN, Manager for Canada

EDMUND FOSTER, Assistant Manager

JOHNSON—JENNINGS, INC.

AGENTS

INSURANCE

BROKERS

ATHENA INSURANCE CO. OF HARTFORD
ST. PAUL FIRE & MARINE INSURANCE CO.
BRITISH TRADERS INSURANCE CO., LIMITED

11 ST. SACRAMENT STREET
MONTREAL, P.Q.

THE CANADIAN BANK OF COMMERCE.

The recent annual meeting of the Shareholders of the Canadian Bank of Commerce (the statement of which has already been reviewed in these columns) was marked by extremely important addresses from Sir Edward Walker (President), and Sir John Aird (General Manager), which are well worthy of perusal by every business man in Canada, more especially so as the Canadian Bank of Commerce is peculiarly and essentially devoted to the business of commercial banking, as indicated by its current loans and discounts—a reliable guide in this connection—which for many years have been far in advance of any other Canadian banking institution.

Sir Edmund Walker in the course of his address referred to Canada's "insufficient production" and said: While Canada and the rest of the world are failing to produce on a sufficient scale to provide for human comforts, and to pay our debts, the price of everything has so increased that although all clearing houses and trade returns show higher figures in money, these generally represent transactions based on smaller quantities of merchandise, and because we think in terms of dollars, and not of merchandise, we are living in a fool's paradise. He indicated the scale of industrial events by a review of our foreign trade. The excess of our exports over imports for the year ending 31st March, 1919, was \$343,491,000 as compared with \$623,647,000 for the preceding year.

Food, he said, is in greater demand than ever and our factories are behind in the production of almost every line of manufacture, while nearly every form of raw material is difficult to obtain. Sir Edmund advocated the curtailment of imports of luxuries, which aggregated about \$70,000,000. The sales of Canadian securities for 1919, he said, are much larger than in 1918, the increase being \$145,000,000 in the total, but the increase in the amount sold in the United States is over \$170,000,000. Had it not been for these sales, the difficulties in connection with New York Exchange would have been much greater.

Sir Edmund's remarks, dealing with every phase of the business situation, are marked with perception and judgment, guided by long study of world-trade conditions, and we commend their study, coming as they do, from one of the most distinguished bankers on this continent, at a most critical period.

Sir John Aird dealt more closely with the affairs of the bank. In his opening remarks he said that, contrary to the views expressed last year, the bank had made a new record in both profits and total assets. The net profits amounted to \$3,074,000. These earnings exceeded those of last year

by \$224,000. The total assets were increased from \$440,310,703 to \$479,644,205, an increase of no less than \$39,333,502.

On the assets side of the statement an increase is shown of \$1,390,000 in cash on hand. There has been an increase in call and short loans in Canada and a decrease in those elsewhere; the increase in quick assets amounted to \$16,892,000, and stand at 49.11 per cent of the bank's liabilities to the public. Holdings of Dominion and Provincial Government securities have increased \$10,700,000 during the year, largely represented by the banks share of advances to the Dominion Government, which are being repaid out of the proceeds of the last Victory loan.

The excellent statement is a great tribute to Sir John Aird's able direction of the affairs of an institution that for very many years has taken a most prominent share in the task of providing for the financial requirements of Canada's commercial community, a condition of things which is reflected in its premier position among the Canadian banking institutions as regards current loans and discounts in Canada.

THE FIRE INSURANCE ASSOCIATION OF MONTREAL

The weekly meeting held on Wednesday, 21st, was addressed by Mr. J. D. Simpson on the subject of "Wordings and Warrantes" of fire policies. There was a large attendance and the support which these lectures are receiving emphasizes the need for some well defined course of instruction for the younger members of the insurance profession.

The meeting to be held on the 28th inst. will be addressed by Mr. J. Armitage Ewing, K.C., of Messrs. Ewing & MacFadden, who will take as his subject "The Legal Aspects of Fire Losses." Mr. Ewing is well known in Montreal as an authority on the legal aspects of Fire Insurance, and his address is sure to be full of interest to all engaged in the profession.

Arrangements are well advanced for an insurance dinner to be held on the evening of Thursday, January 29th, at 6.30 p.m. in the Montreal Club. This function will be held under the joint auspices of the Fire Insurance Association and the Quebec Pond of the Blue Goose. An excellent programme has been drawn up and in view of the quickening of interest in, and the hope for an early revival of an Insurance Institute for Montreal, it is anticipated that there will be a full attendance of executive officers of companies and their staffs, and also Brokers and Underwriters. We consider the associations are well advised in making, not only this function, but their other meetings also, open to all members of the profession.

Commercial Union Assurance Company Limited

of London, England

THE LARGEST GENERAL INSURANCE COMPANY IN THE WORLD
as at 31st Dec., 1918.

Capital Fully Subscribed	\$14,750,000	Total Annual Income exceeds	\$64,000,000
Capital Paid Up	4,425,000	Total Fire Losses Paid	215,897,380
Life Fund, Etc.	75,578,630	Deposit with Dominion Gov't	1,401,333
Total Funds exceed	174,000,000		

Palatine Insurance Company Limited

of London, England

as at 31st Dec., 1918.

Capital Fully Paid	\$1,000,000	Total Income	\$3,462,515
Fire Premiums 1918	3,305,020	Funds	6,062,500
Interest Net	157,495	Deposit with Dominion Gov't	358,266

N.B.—In addition to the above there is the further guarantee of the Commercial Union Assurance Company Limited, whose Funds exceed \$174,000,000.

Applications for Agencies Solicited in Unrepresented Districts

Head Office: CANADIAN BRANCH

COMMERCIAL UNION BUILDING, 232-236 ST. JAMES STREET, MONTREAL

W. S. JOPLING, Manager

THE CANADA

ACCIDENT & FIRE
ASSURANCE COMPANY

T. H. HUDSON, Manager, Fire Department.
Policies Guaranteed by
Commercial Union Assurance
Company Limited

Head Office, - - - MONTREAL
H. F. RODEN, Manager, Casualty Department.
Local General Agents, (Fire)
G. U. PRICE & CO., LIMITED
Bank of Toronto Bldg., Montreal

FIRE - MARINE - HAIL
AUTOMOBILE

ASSETS EXCEED
\$80,000,000



EAGLE AND STAR BRITISH DOMINIONS INSURANCE COMPANY, LIMITED

J. H. RIDDEL, Manager for Canada OF LONDON, ENGLAND E. C. G. JOHNSON, Assistant Manager
DALE & COMPANY, LIMITED - GENERAL AGENTS - MONTREAL AND TORONTO

THE FIRE INSURANCE COMPANY OF CANADA

MONTREAL

Authorized Capital, \$1,000,000

Subscribed Capital, \$250,000

Paid Up Capital, \$100,000

GENERAL FIRE INSURANCE BUSINESS TRANSACTED

President: Hon. R. DANDURAND

Vice-President and Managing Director: J. E. CLEMENT

CANADA LIFE ASSURANCE COMPANY

The pronounced demand for life insurance during 1919 is reflected in the Annual Report of the Canada Life, published on another page. The Canada Life is distinguished by the fact that it is the oldest Canadian Life Company, in addition to being one of the most conservative. New business paid for during the year totalled \$41,641,877 as compared with \$23,891,668 in 1918, an increase of \$17,750,206. The President (Mr. H. C. Cox) said:—

Ordinarily this large underwriting would involve an expense which we should have some hesitation in undertaking, but our earnings for the year have been so extremely satisfactory that we have been able to absorb it without difficulty and without change in the scale of dividends upon existing policies.

Our insurances in force now total \$230,000,000, an increase of \$34,000,000, which is a gratifying percentage of the new issues for the year.

While the growth in our Canadian business has been marked, we are happy to report an important improvement in Great Britain, due in varying measure to the maintaining of our dividend scale, to a wider organization and to a greater confidence in things Canadian.

Some Business Not Accepted.

Approaching every applicant with the desire to have him become a policyholder, it is most unfortunate that in some instances the impairments are such that we are unable to accept him. That the number of cases in which this is necessary is only three per cent. of the whole, indicates a consistent endeavor to perform our normal function.

War Claims Paid.

The last of our war claims are now being cared for, and we record the total from this source since the commencement of hostilities as \$1,800,000. This is a very reasonable amount, being less than one per cent. of our total assurances, and in meeting it we have had no difficulty or disturbance in regard to other obligations or promises.

Largest Earnings of Surplus.

In the early months of the year we suffered rather severely from deaths resulting from the continuance of the influenza epidemic, but as this clears away our recovery was so rapid and our normal death losses so much below the amount provided for that we have a saving or profit from this source of \$938,000, as against \$68,000 for the previous year. In addition to this, the other elements which contribute to surplus have been so favorable that we are able to report the largest surplus earnings in the history of the company, namely, \$1,877,160.

Policyholders' Dividend Maintained.

That we have met without hesitation the wholly unlooked for demand upon us in the form of new

business, and that we carry forward the above very handsome surplus, which enables us to continue without reduction our usual rate of profit distribution to those policies sharing this year, is altogether gratifying. That the advantage of our strength in this regard has had a perceptible effect upon our success in Great Britain, is already apparent on this continent, and must become of increasing value as the man in the street more fully realizes its significance. The special reserve of \$500,000 accumulated during the last five years still remains as a safety valve in the event of any unforeseen demand upon us.

Cash Profits Paid.

This year marks the end of another quinquennium, or five-year period, and we have had the pleasure of allotting to policies entitled to participate dividends of which the cash value reaches the highly important total of \$2,761,000. A portion of this has already been distributed, the balance to be available during the ensuing year as determined by the premium due dates of the individual policies to which they apply.

Many years ago this company adopted fixed quinquennial periods—1899, 1904, 1909, 1914 and 1919—and all policies issued prior to 1900 had their profits maturing in these years, involving at those stated times the division of a very large amount of surplus. In connection with policies issued during and since 1900 the contribution method has been employed, so that this is the last time we shall be called upon to make an unusually large distribution, the sums allotted in future being more evenly divided from year to year.

Total income for the year is given as \$12,012,381 as compared with \$11,048,342 in 1918, an increase of \$964,039. This increase, however, cannot be regarded so satisfactory in proportion to the increase in income recorded in 1918, amounting to \$1,477,355 over 1917, and may be mainly accounted for by uncollected and overdue interest.

Payments to Policyholders during the year amounted to \$6,347,925, as compared with \$5,535,673 in 1918. The assets were increased to \$69,352,268, a gain for the year of \$3,404,693. The Policy Reserves now amount to \$58,066,273, a growth of \$3,059,319. Victory Bonds of the Dominion Government were again the chief investment of the year by the Canada Life, the Company being the largest individual subscriber among insurance institutions, applying for \$12,500,000, on account of which it was allotted \$7,800,000, and notwithstanding its large commitments in this respect the Company was able to take advantage of a favourable market to purchase no less than \$1,814,000 of other Government, provincial, and municipal issues.



**LONDON &
LANCASHIRE
FIRE
INSURANCE COMPANY
LIMITED**

Security - - \$42,000,000

ONTARIO AND NORTH WEST BRANCH
14 Richmond Street, East, TORONTO

PROVINCE OF QUEBEC BRANCH
164 St. James St., Cor. St. John St., MONTREAL.



**LONDON &
LANCASHIRE
GUARANTEE &
ACCIDENT**

**PERSONAL ACCIDENT
SICKNESS
FIDELITY GUARANTEE**

**PLATE GLASS
AUTOMOBILE
GENERAL LIABILITY**

Head Office, TORONTO
Montreal, 164 St. James Street. Quebec, 81 St. Peter Street.

Mount Royal Assurance Company

SURPLUS AND RESERVES, \$1,214,457 TOTAL FUNDS, \$1,436,842

TOTAL LOSSES PAID, \$2,692,201

Applications for Agencies Invited

HEAD OFFICE - - - - MONTREAL

P. J. PERRIN and J. R. MACDONALD, - - - Joint Managers

Established in Canada in 1821

1819 ÆTNA (FIRE) 1919

HARTFORD, CONN., U. S. A.

Losses Paid over \$175,000,000

J. B. HUGHES, Special Agent, WATERLOO, ONTARIO
J. R. STEWART, Special Agent, 36 Toronto Street, TORONTO, ONT.
R. LONG, Special Agent, 515 Yorkshire Bldg., VANCOUVER, B. C.

Union Assurance Society, Ltd.

OF LONDON, ENGLAND
(Fire Insurance since A. D. 1714)

CANADA BRANCH, MONTREAL.
T. L. MORRISSEY, Resident Manager.

NORTH WEST BRANCH, WINNIPEG
THOS. BRUCE, Branch Manager.

Agencies throughout the Dominion

EXCELSIOR

INSURANCE LIFE COMPANY

A Strong Canadian Company

J. J. Robichaud, Provincial Inspector.
MONTREAL TRUST BUILDING, 11 Place d'Armes, MONTREAL.

The Law Union & Rock

INSURANCE CO. LIMITED, LONDON. *Founded in 1806*

Assets Exceed - - - \$50,000,000.00

Over \$10,000,000 invested in Canada

FIRE and ACCIDENT RISKS accepted.
Canadian Head Office: 277 Beaver Hall Hill.
MONTREAL

Agents wanted in unrepresented towns in Canada.
W. D. AIKEN, Superintendent, COLIN E. SWORD
Accident Dept., Canadian Manager.

SUCCESS IN SELLING LIFE INSURANCE

Depends chiefly upon how hard Salesmen work, and the excellence of their service to clients. The more you put into it the more you will get out of it. Let "Greater Service to Policyholders" be your motto for 1920, and if you want a good position with a progressive Company, apply stating experience and references, to

M. D. McPHERSON, Provincial Manager, 180 St. James Street, MONTREAL, P.Q.

THE CONTINENTAL LIFE INSURANCE CO.

GEORGE B. WOODS, President TORONTO, Ont. CHAS. H. FULLER, Secretary

MR. C. S. MACDONALD APPOINTED GENERAL MANAGER CONFEDERATION LIFE ASSOCIATION

At a meeting of the Board of Directors of the Confederation Life Association, held on Friday, January 16th, Mr. Charles Strange Macdonald was appointed General Manager of the Company.

Mr. Macdonald, who is a son of the President, Mr. J. K. Macdonald, has been in the service of the Confederation Life Association for some twenty-one years. He is a graduate of the University of Toronto, 1898, with the degree of M.A. After graduation he entered the Actuarial Department of the Company, and in August, 1907, he was appointed Assistant Actuary, which position he held for some years. In 1914 he was appointed Assistant Superintendent of Agents, and spent several years in field work. For some months he has been acting as Assistant to the President, and his long and varied experience in the different departments of the Company should qualify him for the important position to which the Directors have appointed him.

HIGH RATE FOR NEW MONEY

Following the announcement that plans have been formulated to increase the capital stock of the Maryland Casualty Company from \$2,000,000 to \$3,500,000, is the statement that it is proposed to continue the dividend rate of 20% per annum. The plan provides for the issuance of 60,000 addition shares of stock at \$50, par value \$25.

President Stone explains the reasons for the proposed increase as follows:

"The earnings on investments for 1919 were over \$813,000. At the present scale of 20 per cent the dividends on the present capital of \$2,000,000 amount to only \$400,000 a year. It does not appear advisable to increase the dividend rate, and the only other way to increase the dividends is to enlarge the capital. Additional reasons are the large increase in the company's business and the action of several of its leading competitors in increasing their capital. With the payment of \$3,000,000 new capital and surplus into the company, the income from investments will probably be over \$950,000 annually. Dividends at the present scale of 20 per cent will amount to \$700,000, still leaving about a quarter of a million a year from investment income to be added to surplus."

Twenty per cent dividends appear a very large rate for new money. The Insurance index says:— True, it will come out of the earnings on investments and very little, if any, out of earnings on underwriting. But such distinctions are too fine for the average buyers of insurance. They will

see in it only an attempt by the stockholders of the Company to use the opportunity to cash-in investments at 5 and 6 per cent for the purpose of getting four or five times that rate out of profits made on its premiums.

Enemies of stock insurance—among mutuals, reciprocate and the exchanges, and certainly among politicians—will not fail to use incidents of this kind against the companies as a whole. Those capitalists who risk their money in fire and casualty stocks are, in our opinion, fairly entitled to good, round dividend returns, for they stand to lose heavier on such securities than on other legitimate commercial ventures. That position can be defended. But there is a limit. We are inclined to conclude that the president of the company named has exceeded it if he admits new capital into his company at the rate quoted.

The innovation is a very dangerous one at this time, and we trust it will have no additional followers. The reaction against the stock system of insurance might be most embarrassing—if not positively injurious.

MIX UP BETWEEN A DRUG CLERK, WIELDING A HATCHET, AND A FRIGHTENED RAT, CAUSES AN EXPLOSION

The manager of an important fire company, having its head office for Canada in Toronto, well known among his colleagues for his dexterity in telling some wonderfully good "fish stories," has written "The Chronicle" this week with the object no doubt of getting this journal to swallow a good "rat story" for a change, although we must confess that as the story is substantiated by an adjuster, it is no doubt a true one.

It appears that a fire having recently occurred in a drug store, followed by a claim on the company referred to, an adjuster was sent to appraise and investigate cause of fire, etc. Included in his report was the following:

"Preceding the fire a rat was standing in front of a gasoline tank in the basement, when he was discovered by an employee of the drug store, who promptly seized a hatchet and threw it at the rat, and the latter, not wishing to be killed, ducked his head at the vital movement, with the result that the hatchet struck the gasoline tank, puncturing the can and allowing the gasoline to flow. The wielder of the hatchet endeavored to close the leak with sealing wax melted by applying a light, the result was an explosion and a fire, no doubt to the great delight of the rat, who by this time was in his own domicile underground."



THE EMPLOYER'S

Liability Assurance Corporation, Limited

of London England

Transacts
AUTOMOBILE INSURANCE, covering ACCIDENT, PROPERTY DAMAGE, COLLISION,
 FIRE, THEFT and TRANSPORTATION

**PERSONAL LIABILITY, HEALTH LIABILITY, PASSENGER and FREIGHT, ELEVATOR,
 FIDELITY GUARANTEE, CONTRACT BONDS, BURGLARY, MAIL, BOILER,
 PLATE GLASS, EXPLOSION and FIRE INSURANCE.**

OFFICES:
Temple Building, Toronto. Lewis Building Montreal

Charles W. I. Woodland, John Jenkins,
 General Manager for Canada and Newfoundland Fire Manager

Applications for Agencies Invited

Canadian
Government
Deposit
\$1,622,000.00

Stands First
 in the
 liberality of its
 Policy contracts,
 in financial strength
 and in the
 liberality of its loss
 settlement.



TRANSACTS:

Personal Accident Automobile
 Sickness Burglary
 Liability *[All Kinds]* Postal
 Fidelity Guarantees. Plate Glass.

302 St. James Street, MONTREAL
 ROBERT WELCH, General Manager

Applications for direct Agencies Invited.

The Ocean Accident & Guarantee Corporation Limited

AUTOMOBILE INSURANCE

A Comprehensive Policy covering **ACCIDENT, PROPERTY DAMAGE, COLLISION,
 FIRE, THEFT and TRANSPORTATION** is what the
 public demands.

The "OCEAN" can meet these requirements under one contract

Branch Office:
**MERCHANTS BANK BLDG,
 MONTREAL**

JOHN W. WETMORE,
 Superintendent.

W. T. FERRY,
 Manager for Canada

Canadian Head Office: Ocean Insurance Building, TORONTO

The Dominion of Canada Guarantee & Accident Ins. Co.

**The Oldest and
 Strongest Canadian
 Casualty Company**

TRANSACTS:

ACCIDENT SICKNESS PLATE GLASS
BURGLARY AUTOMOBILE INSURANCE
GUARANTEE BONDS FIRE INSURANCE

E. ROBERTS, Manager
 701, LEWIS BUILDING, MONTREAL

C. A. WITHERS, General Manager
 TORONTO

Branches: WINNIPEG CALGARY VANCOUVER

NATIONAL LIFE ASSURANCE COMPANY..

Mr. R. M. Huestis, who has been superintendent of agencies at Winnipeg of the National for the past ten years has recently been appointed manager of agencies of the Company at Montreal, with the object of developing its business in Quebec and the Maritime Provinces. Mr. Huestis has been eminently successful in extending the business of the National Life in other centres of the Dominion, and it is confidently expected that his advent into the Province of Quebec, where the company is well and favourably known for many years, will be productive of good results.

SUN LIFE ASSURANCE COMPANY

Mr. W. Lyle Reid, Ottawa, Manager Eastern Ontario Division Sun Life, reports a large volume of business written in his territory during the past year. New paid for business totalled \$3,689,600 as compared with \$2,185,169 in 1918, an increase of \$1,504,431, while new premiums are reported as \$128,129, an increase of \$44,858. The Honor Roll was another particular in which Mr. Reid's division reached a high water mark. Mr. Reid's long connection with the Sun Life, and his record as an organizer and producer are well known.

AMERICAN FOREIGN INSURANCE ASSOCIATION

Assistant Secretary Howard P. Moore, of the Home Insurance Company, has returned from his extended travels in foreign lands, where he has been investigating conditions on behalf of the American Foreign Insurance Association. Mr. Moore visited many countries, although the bulk of his time was spent in the Far East and the Antipodes. His travels extended over many thousands of miles by land and sea, and the countries he visited on behalf of the American Foreign included Australia, New Zealand, the Philippines, China, Korea, Japan, Java, Singapore, India, Egypt and Italy. He has been abroad on behalf of the association since November, 1918.

Mr. Moore states that he found the attitude of American consuls everywhere one of approval and co-operation, greatly appreciating the advantages of the extension of American insurance facilities to the foreign field. They extended him every facility and went out of their way to help him in his investigations as to conditions in the countries in which they were stationed. Mr. Moore is enthusiastic on the outlook for the success of the American Foreign Insurance Association's plans.

GROUP INSURANCE MAY NOT BE PROFITABLE

The North American Life Insurance Company, Toronto, in a circular letter addressed to its agents referring to group insurance, says:—

"It is just as well to point out that both from a company and an agency point of view there are two sides to this question. From the company's point of view there is the consideration that the premiums charged, if made competitive, are so low as to reduce the margin of prospective profit to a minimum. As a matter of fact, while the comparatively few American companies transacting this business had up until last year claimed a slight profit, the influenza epidemic entirely wiped that out, so that the business as a whole must up to the present time have netted a loss. One has to consider, too, that a company is compelled to assume a tremendous obligation and to build up a liability without the creation of any reserve fund. It is indeed a matter for the most serious consideration, whether our Canadian companies are large enough to accept the liability involved in the transaction of group insurance on any scale. Nor should we overlook the fact that the overhead charges necessitated through the appointment of inspectors and men in the field and at home office competent to look after the business makes the cost alone prohibitive unless a very considerable business is done. In brief, the chances of a substantial loss to the company are great, while the margin of prospective profit is extremely small. Furthermore, it should be remembered that in the United States, where group insurances was initiated, only a few companies have up to the present time considered it wise to venture into the field. At the present time only the very largest and a very few of them are engaged in it. Ordinary business prudence demands on our part extreme caution and further light before we undertake it.

"Moreover, it is not clear that this class of business will result very profitably to the agents. The commissions are small and unless the premiums charged are equal to the lowest, the agent has little likelihood of success in his canvass. The company's officials are alive to the situation, though not at the present time prepared to make a definite announcement."

LIFE INSURANCE DIVIDENDS

Depreciation of securities and influenza losses last year have had their appreciable effect upon the proposed dividends of life insurance companies. Many prominent companies show that conservatism is in the saddle. With an increase in writings last year over 1918, approximately sixty per cent, the companies are carrying an enormous new responsibility.

THE PACIFIC COAST FIRE INSURANCE CO.

Head Office - - VANCOUVER, B. C.

Established 1890

Surplus security for Policy-holders
Over \$700,000.00

LIBERAL ADJUSTMENTS
PROMP PAYMENTS

J. W. GRIER & CO.,

Managers Prov. of Quebec

MONTREAL

"The Oldest Scottish Fire Office"

The Caledonian Insurance Co. of Edinburgh

Founded 1865.

Head Office for Canada,
Dominion Express Building
Montreal

JOHN G. BORTHWICK,
Canadian Manager.

THE MOTOR UNION INSURANCE COMPANY LIMITED

(INCORPORATED IN ENGLAND)



THE **BEST** IN
AUTOMOBILE INSURANCE

□ □ □

BECAUSE attractive premiums are quoted
for first class risks.

The protection against "Claims by
the Public" is up to \$20,000.

Bonuses are allowed for no claims.

Policies are simple and straight-
forward.

AGENTS will like our concise "at a glance"
rating system.

WRITE TO
CHIEF OFFICE FOR CANADA

59 Yonge Street - - - Toronto

Assets exceed \$10,000,000

Premium income exceeds \$8,500,000

NIAGARA FIRE INSURANCE COMPANY

HEAD OFFICE, NEW YORK

INCORPORATED 1860

Cash Capital
\$1,000,000.00

Net Surplus 31st Dec., 1918
\$3,117,106.53

CANADIAN DEPARTMENT 22 ST. JOHN STREET, MONTREAL

W. E. FINDLAY, Manager

AGENTS REQUIRED

SCOTTISH METROPOLITAN ASSURANCE COMPANY LIMITED,

Of Edinburgh, Scotland

Owned and Operated by the London &
Scottish Assurance Corporation, Limited

ACCIDENT AND SICKNESS
Most Liberal and Up-to-date Policies
GUARANTEE BONDS
ELEVATOR AND GENERAL LIABILITY



TOTAL SECURITY TO POLICYHOLDERS
OVER \$25,000,000

AUTOMOBILE LIABILITY AND FIRE
Individual or Combined Policies

EMPLOYERS LIABILITY
PUBLIC AND TEAMS LIABILITY

HEAD OFFICE FOR CANADA 164 ST. JAMES STREET, MONTREAL

APPLICATIONS FOR AGENCIES INVITED

CANADIAN FIRE RECORD.

Fire at Lac D'Halwyn, P.Q.—On the 8th instant the summer residence of E. Patenaude was destroyed by fire. Insurance as follows: On building, North America, \$3,000; Mount Royal, \$2,000; total 5,000. Loss total. On contents North America, \$2,000. Loss total.

Fire at Brantford, Ont.—On the 14th instant, the grain elevator owned by the Burford grain and Coal Company was destroyed by fire. Loss about \$15,000.

Fire at Windsor, Ont.—On the 17th instant, a fire damaged the premises of W. Sutton, undertaker. Loss about \$3,000.

Fire at Westport, Ont.—On the 19th inst., a fire destroyed the blacksmith shop and barn of James M. Cann, together with two thoroughbred horses. Loss about \$7,500. Partly covered.

Fire at Sydney, N.S.—On the 17th instant, the Eastmount school building which was being remodelled for an apartment house, was destroyed by fire. Loss about \$12,000.

Fire at Calgary, Alta.—On the 18th instant, a fire destroyed the Empire Hotel, the Grand Central Hotel and three stores. Two men lost their lives and five firemen were seriously injured. Loss about \$300,000.

Fire at Kenmore, Ont.—On the 19th inst., a fire occurred on the premises of J. H. Conn, general store. Loss about \$17,500.

Fire at Toronto.—On the 20th inst., a fire damaged the residence of Sir Clifford Sifton, 57 Douglas Drive, caused by defective wire. Loss about \$5,000.

Fire at Ottawa.—On the 14th inst., a fire destroyed the business block 419, 421, and 423 Sussex street. J. S. Ewart, K.C., and Glyn Osler, K.C., own the building on which the loss is stated to be \$30,000, with insurance of \$20,000. The tenants are Pedlar People, Limited, whose loss is stated to be about \$25,000 and the National Storage & Packing Co., furniture, pianos and rugs, divided among individuals who stored their furniture. Loss on these articles is stated to be about \$125,000.

Fire at Parry Sound, Ont.—On the 15th inst., a fire occurred in the business block owned by the Oddfellows Society. Loss to the building, contents and tenants, is estimated at \$30,000.

Fire at Toronto.—On the 17th instant, in the Wilder Cartage Company's building. Damage to building about \$3,000, the principal loss being damage to contents which is estimated at \$60,000.

Fire at Toronto.—On the 17th instant, a fire occurred in the employment office and cafeteria of the W. Davies Co., Front street. Loss about \$40,000.

Fire at Montreal.—On the 18th instant, a fire broke out in the premises of the Exclusive Waist Shop, 408 St. Catherine St. West. Other losses include Scott Bros. men's furnishings and A. J. Alexander (smoke damage). Loss about \$10,000.

Fire at Ottawa.—On the 21st a fire occurred at the corner of William and George streets, on the premises of the Ottawa Printing Co., whose loss is about \$60,000. Other losses, building owned by Miss F. Evans. Loss about \$10,000. J. Bambrick, grocery. Loss about \$30,000; C. Beardsley, boots and shoes. Loss about \$2,500, and F. M. Bate, building. Loss about \$3,000. The total loss will be about \$95,000.

VERBUM SAP

Over FIFTY motor cars were destroyed in the East End Garage fire on January 8th. Many of the burned cars WERE NOT INSURED. When you read the newspaper account didn't it make you think of your speed monster or glistening limousine in the garage on the next street.

VERBUM SAP.—A word to the wise—you know the rest. If your automobile is not insured, phone or write the **CONTINENTAL**. Our policy will cover your car against **Fire, Theft, Collision, Property Damage.**

The
Continental Insurance Company
OF NEW YORK.

HENRY EVANS, President.

NOW WRITING

AUTOMOBILE INSURANCE

CANADIAN HEAD OFFICE: 17 ST. JOHN STREET, MONTREAL.

W. E. BALDWIN, Manager

The Canadian Bank of Commerce

ANNUAL MEETING OF SHAREHOLDERS

The fifty-third annual meeting of the Shareholders of The Canadian Bank of Commerce was held at its banking house, Toronto, on the 13th instant. The President, Sir Edmund Walker, took the chair and after the usual organization proceedings the following Profit and Loss statement for the year ending 30th November last was submitted:

The balance at credit of Profit and Loss Account, brought forward from last year was	\$ 1,444,842 68
The net profits for the year ending 29th November, after providing for all bad and doubtful debts, were.....	3,074,892 72
	\$ 4,519,735 40

This has been appropriated as follows:

Dividends Nos. 128, 129, 130 and 131, at twelve per cent. per annum	\$ 1,800,000 00
War tax on bank-note circulation to 29th November	150,000 00
Written off Bank Premises	250,000 00
Transferred to Pension Fund	120,000 00
To adjust British and Foreign investments on existing exchange rates, not otherwise provided	750,000 00
Subscriptions:	
Salvation Army	\$ 5,000 00
University of Toronto Memorial Fund	2,500 00
Soldiers' Emergency Fund, Repatriation Campaign	10,000 00
Navy League of Canada	2,500 00
Sundry subscriptions	2,000 00
	22,000 00
Balance carried forward	1,427,735 40
	\$ 4,519,735 40

Before moving the adoption of the Report, the President requested the General Manager to address the meeting. The General Manager then said:

General Manager's Address.

Contrary to the view expressed last year, that it was unlikely that we should again show such large figures for some years to come, the unexpected has happened, and we have made a new record in both profits and total assets. Undoubtedly the continued high level of prices for commodities of all kinds has left its mark upon the balance sheets of financial institutions, and while this condition continues it will be reflected in the figures of our own annual statement.

Increased Earnings.

The net profits have amounted to \$3,074,000, after a most careful provision for all the doubtful items among the Bank's assets. These earnings exceed those of last year by \$224,000, a satisfactory increase of 7.9 per cent., but which compares with an increase of 8.9 per cent. in assets. The figures show that the forces which have been steadily reducing the rate of earnings on the services performed by Canadian banks for the public, to which

I referred last year, are still steadily at work, and it is fervently to be hoped that the keen spirit of competition, so strenuously active in many directions, will not blind Canadian bankers to this tendency of the times. When it is considered that the three million odd dollars that we show as our net profits represent the combined earnings of over 500 offices, and the result of the efforts of a staff of over 4,000 employes, it will be more clearly recognized how meagre is the showing in comparison with the vast amount of hard labor and heavy responsibility involved.

The Pension Fund.

We have paid during the year four quarterly dividends of 3 per cent. or 12 per cent. in all, and now that the war is over and we find it necessary to take up our building program again, we have resumed our former practice, and have written the sum of \$250,000 off Bank Premises Account. This is perhaps more necessary now than ever, owing to the extremely high cost of all building opera-

tions which has naturally caused us to limit our program to only the most necessary work. The release of large numbers of our men from military service, and their return into the service of the Bank, has rendered a large increase necessary in the Bank's contribution to the Pension Fund. This is caused by many of these returned men having, during their absence of military service reached or passed the age of 25, at which the Bank's contribution to the Pension Fund on their behalf begins. When all arrangements are completed and the question of their back payments to the Fund is settled, a further large sum will no doubt be required to adjust the Bank's contribution for the period of their absence. It is our intention in the very near future to have the fund again actuarially examined with a view to increasing the limit of the pensions awarded. We have also thought it wise, in view of the unsettled conditions of the principal foreign exchanges, to set aside the sum of \$.50,000 as an appropriation for the continuous decrease in the value of our funds, and investments in the United States, but as to realize the increased value we should have to liquidate our business in that country, we have not attempted to adopt such a short-sighted policy. We have also to consider that the exchange situation between Canada and the United States will right itself automatically when the European exchanges become more normal, and we think that the policy we have followed is one that should commend itself to every conservatively managed institution.

Patriotic Subscriptions.

As usual we ask you to confirm the larger subscriptions we have been called on to make during the year amounting to the sum of \$22,000, almost all on behalf of the objects of a patriotic character connected with the war.

There has been a decrease in our note circulation for the first time since the commencement of the war. The decrease is only \$1,536,000, but if it is one of the first signs of a check to the inflation of prices, it is not unwelcome. The increase in deposits of \$40,446,000 is the striking item of our statement, and it has taken place almost entirely in the more stable item of deposits bearing interest. The decreases in balances due to foreign banks and in bills payable are almost offset by the increase in acceptance under letters of credit, and none of these changes possesses any special significance, save only that the increase in the use of letters of credit indicates a revival of foreign trade as a result of the ending of the war.

Increased Cash Assets.

Of the assets side of the statement we show an increase of \$1,390,000 in cash on hand. The change is more than accounted for by the increase in Dominion notes held, there having been a slight decrease in our holdings of coin. Dominion notes

in the Central Note Reserves are \$1,000,000 lower, corresponding to the decrease in our note circulation. There is a decrease of about \$1,400,000 in the item of cheques on other banks, which may indicate a slight lessening in the activity of general business, but an increase in bank balances, which leaves the combined total of notes and cheques and bank balances \$1,133,00 greater than the figures of last year. There has been an increase in our call and short loans in Canada and a decrease in those elsewhere, the combined effect of all these changes in assets being that our quick or easily realizable assets have increased by \$16,892,000, and stand at 49.11 per cent. of our liabilities to the public. Our holdings of Dominion and Provincial Government securities have increased \$10,700,000 during the year, largely represented by our share of advances to the Dominion Government which are being repaid out of the proceeds of the last Victory Loan. Current commercial loans, that is, those current loans not classified as "call and short loans," both in Canada and elsewhere, show considerable increases, amounting to \$20,837,000 in all, which may be considered as another welcome indication of reviving commercial activity. We have disposed of the Eastern Townships Bank building in Montreal during the year, and this accounts for the reduction in Real Estate other than Bank Premises. The increase in Bank Premises Account is due principally to the acquirement of sites for a number of our newer branches, in pursuance of our general policy in this respect. The total of our assets has grown during the year by \$39,388,00, or 8.9 per cent., which under the circumstances we consider satisfactory.

New Branches.

Throughout the war the Canadian banks abstained, by common consent, from the opening of new branches. Not only was this justified by the uncertainty of the outlook, but the drain upon the manhood of the country for military service was so great that it was only with difficulty that those members of our staff who were left behind were able to cope with the work thrust upon them, even with the assistance of the temporary staff. Accordingly, while the conflict lasted, we could do no more than to keep a record of those places which seemed to offer a promising field, with a view to occupying them when the general situation justified such a step. The program, thus laid down has fully employed our energies during the past year, but is fairly well completed, and now that we have occupied most of the promising new fields in Canada that have been brought to our attention, and have protected our business at those points where such action seemed necessary, we purpose turning our attention to foreign fields. In the meantime the new branches we have opened

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 employes 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

the opening of new mines might exercise a very beneficial steadying effect on the price of that metal. The extension of the output of the present mines is, of course, encouraged by the material enhancement in price which has taken place. According to figures made public some time ago, the price per ounce rose during last year from an average of \$1.01.12 during the first four months to \$1.27.92 in November.

Depreciated Exchange.

The condition of the foreign exchanges is one of the problems with which we have had to deal during the past year, and it is one in which the people of Canada are deeply concerned, as it has a very direct effect upon their economic life. Canada is not alone in suffering from the effects of a depreciated exchange, in fact, it is a condition now familiar to almost every country in the world. The artificial expedients which have been resorted to in order to correct the situation, such as the shipping of gold, the sale of securities and an attempt at fixing exchange rates, are inadequate and may even prove dangerous. The rehabilitation of our dollar can only be accomplished by saving, economy and greater production. It has perhaps become fairly generally known among those who take an interest in the matter that our imports from the United States greatly exceed our exports to that country, and that in the case of Great Britain the reverse is true, our exports greatly exceeding our imports. Therefore in the case of our trade with the United States there is a scarcity of bills receivable which we can set off against our bills payable to that country; while in the case of our trade with Great Britain the reverse is true, and the bills receivable exceed the bills payable to such an extent that she has been forced to obtain credit from us for many of her purchases of food-stuffs produced in Canada.

Foreign Credits.

There is much more, however, in the situation than this. We have been selling on credit to France, Belgium, Greece, Roumania, and to some extent to Great Britain, manufactured goods, the raw materials of which are largely imported from the United States, and we are called upon to pay for these raw materials in cash. In addition to this, the interest payments on our debt abroad have increased, as well as the heavy shipping charges, which have to be paid on waterborne goods. In paying for the raw materials referred to we are forced to use up a large part of those funds ordinarily available to defray the cost of our normal imports from the United States. The scarcity of United States funds has thus been accentuated by the increased demand, while the source from which we have been wont in the past to make up any deficiencies, that is, the balance due to us by merchants and others

in Great Britain, is not now available for this purpose for two reasons; first, that Great Britain is not settling in cash as in the past; second, that such part of this indebtedness as might be made available for the purpose is not now acceptable to the United States as payment, because that country has already a surplus of British debts which she is anxious to realize. If to these factors in the problem be added the effect of increased purchases of luxuries imported from the United States in the present era of free and easy spending, an idea will be obtained of at least some of the main reasons for the present situation.

British Imports.

It should not be forgotten in any discussion of the position of the foreign exchanges as affecting Canada, that so far as imports to this country are concerned the position of the British and Continental exchanges is just as favourable as United States exchange is unfavourable. The difficulty in this case is one of supply. Judging by recent accounts, however, Great Britain is bending all her energies, in spite of labour troubles and other adverse circumstances, to resuming her place as an exporting nation, and now that the difficulty of securing vessel space is decreasing, we shall hope to see a decided increase, in the near future, in imports from the mother country of those goods of which we stand in need, and which cannot be produced at home.

Buy in Canada.

On the other hand in our relations with the United States we should aim to decrease our imports, especially of those articles which are merely luxuries, or which can be produced equally well at home. The position of exchange at this moment is a lesson that our dollars can be more advantageously expended for a home-made article than for one manufactured in the United States, and it is to be hoped that this practical lesson will not be lost upon our people. Its influence should be strengthened by merchants and importers discontinuing to import for consumption in Canada such unnecessary articles as we have referred to.

To sum up then, there is no royal road to the rectification of the foreign exchanges. Hard work and self denial, such as will increase our income as a nation, and decrease our expenditure, are the only sovereign remedies for the disease. Harder work and greater diligence are needed to increase production, and self-denial implies the cessation of purchases of imported articles which are only luxuries or can be produced at home. We doubt, however, whether ought, save stern necessity, can enforce these conditions upon our people.

The President then spoke as follows:

President's Address.

We have passed through a year in which the daily surprises have been as perplexing as during

the war, and in which the anxieties have been as great, except that sometimes they affected rather the mere happiness of the world than human life itself. War, however, still continues in many countries, and there and elsewhere many have died from lack of food. The war has been won by the most superb co-operation in the attainment of one ideal—the winning of the war. We may lose all that victory seemed to secure by indulgence in countless theories, many of them aiming at the disintegration of society, instead of again co-operating in one ideal—the restoration of order and the improvement of social conditions, so that the happiness of the greatest number may be secured. It is not by standing idle while we discuss methods that we can get out of our present troubles. If the call is to “man the life boat” we do not wait for academic discussion before the boat is launched on its life-saving mission, and too much argument between capital and labour, just now, is madness in view of what we seek to save. The rising curve of prices cannot be made to turn downward without an increase of production, nor can we face the heavy obligation left by the war except by greatly increasing production. The man who does not do his best at his particular job is not merely helping to barricade the only pathway that will lead us out of our troubles, but he is helping to raise, or to maintain, the cost of the necessities of life for his own family. I may be called a friend of capital for saying this, but I am on record elsewhere as an advocate of many changes in the present relations of the employee and employer, all of them in favour of the employee.

Insufficient Production.

While we and the rest of the world are failing to produce on a sufficient scale to provide for human comfort and to pay our debts, the price of everything has so increased that although all clearing-house and trade returns show higher figures in money, these generally represent transactions based on smaller quantities of merchandise, and because we think in terms of dollars and not of merchandise, we are living in a fool's paradise. The imperious demands of war rapidly raised all prices, and payment was only possible by inflating the currency; unfortunately inflated currency sustains and further increases prices. If with our own currency we bought only goods made in our own country, the minimum of harm would be done, but possessing more currency and fewer commodities than usual, we are acting like the drunken sailor newly come ashore, and buying everything that fancy suggests, whether necessary or not, without regard to whether it is made in Canada or abroad. For every purchase of goods made abroad, whether in Great Britain or China, or anywhere else, we settle through New York, and the

rise or fall of the rate of exchange, about which we are so much concerned, is the expression of our failure, or the reverse, to pay cash or its equivalent. In this connection the speaker has for many years, at these annual meetings, presented the facts of our foreign trade, the peculiarities of our relations with the United States, the sale of our securities abroad to pay for the excess of our imports and the danger of mortgaging the future of our country, and has given frequent warnings as to the character of many of our imports.

Our Exports.

The excess of our exports over imports for year ending 31st March was \$343,491,000, as compared with \$623,647,000 for the previous year. Although so much smaller than for 1918, the excess was larger than in any previous year. The difference of \$280,156,000 is more than accounted for by a falling off of \$320,874,000 in our exports to Great Britain, and this again is due to a decrease of \$297,893,000 in exports of agricultural products and of \$87,318,000 in manufactured articles. For the six months ending in September the exports for the two half years are almost equal, while the imports were \$33,571,000 less. It is gratifying to notice that, apart from the decrease in agricultural production, our figures have not been much altered by the cessation of the manufacture of munitions. Food is in greater demand than ever and our factories are behind in the production of almost every line of manufacture, while nearly every form of raw material is difficult to obtain. Our total foreign trade for the fiscal year was \$2,176,378,000, as compared with \$2,548,691,000 in 1918.

It is clear that, if our foreign trade were on a cash basis, we could pay the interest on our foreign debt and settle for our excess purchases from the United States without difficulty, but Europe cannot pay just now and we must therefore limit our purchases from the United States wherever that is possible. Doubtless the markets for our securities in the United States will gradually widen, and it will become easier to adjust our accounts, but this will be a poor remedy. We cannot afford to increase our debts to foreign investors in view of the taxation we shall have to bear.

Curtail Imports.

Let us consider a few items in our imports which at least suggest great possibilities of curtailment, if we are prepared to restrict our pleasures for the common good. Under the head of apparel we bought abroad to the extent of \$8,500,000, including headgear alone for over \$5,000,000; under fancy goods, \$4,000,000; fruits and nuts, \$25,000,000; furs, \$4,500,000; gramophones, over \$2,000,000; silk in various forms, \$21,000,000; tobacco, nearly \$12,000,000; in all, \$77,000,-

000, mostly luxuries. Then we are yearly face to face with enormous imports of material, part of our requirements of which we already produce, or which it would be natural for us to produce. It is obvious that our national finances would benefit if we could either produce the following items ourselves, or avoid in any way their importation; bricks, clays and tiles, over \$4,000,000; coal, coke and charcoal, \$79,000,000; breadstuffs, \$26,000,000; all foodstuffs, \$121,000,000—much of this is doubtless absolutely necessary, but surely there is room for a large reduction; iron and steel in all forms, \$161,000,000; including machinery, \$45,000; textiles in all forms, \$168,000,000; motors, railway cars and other vehicles, \$18,000,000. We have repeatedly drawn attention to items of this character in past years, but we fear, without much effect. At present, however, the people of Canada are feeling rather keenly the result of their indifference to their own affairs, and it seems worth while to press these facts once more on their attention.

Imports From U. S.

There is one comforting feature about our trade with the United States. While in 1913 we bought \$2.70, last year we bought only about \$1.50 of goods for every dollar's worth bought by the United States from Canada. While our purchases have increased in value by 65 per cent., theirs have increase by 180 per cent. Comparing the totals, the imports for 1919 are less by \$46,000,000 than in 1918, but as in the item referred to in past years, military stores, there is a decline of \$80,000,000 and another decline of \$17,000,000 in pork, both due to the cessation of the war, the imports for ordinary purposes are much larger than ever before. The most notable increases are in traction engines, mainly for farming, about \$10,000,000, and in raw cotton about \$13,000,000.

Reduced Wheat Export.

There are many handsome increases in exports to counterbalance increased imports, but the outstanding feature is the enormous decrease of \$295,000,000 in the value of exports of grain, of which \$270,000,000 is due to a decrease in exports of wheat. There is a reduction in quantity of 150,000,000 bushels, from 215,000,000 bushels of all grains in 1918, to about 65,000,000 bushels in the year ending March, 1919. In the item "cart-ridges—gun, rifle and pistol," which has figured so largely in our exports during the war, there is a decline of \$139,098,000. There is also a decline of \$12,000,000 in exports of flax seed. Against the decline in imports of pork there is a corresponding one in exports of bacon, but there is an increase of about \$28,000,000 in exports of meats and butter. There is an increase of \$14,000,000 in the item of ships sold to other countries. In our imports the totals of increases and decreases are not very far apart, but in exports

we have the extraordinary condition of increases amounting to \$110,000,000 and decreases amounting to \$443,000,000. Had we been as fortunate in the quantity of merchandise we had to export in the fiscal year ending March, 1919, as we were in the previous year, our financial position would have been very different.

Field Crops.

The preliminary estimate of the value of our field crops for the year 1919 is \$1,452,787,000, as compared with \$1,367,909,000 in 1918, the actual figures for which fell slightly short of the estimate. There was a decline in the value of grain crops, but a large increase in fodder crops and potatoes. Except in swine there is a slight increase in the numbers of all live stock on our farms. It is difficult as yet to obtain accurate figures as to the production of our mines for the year just closed. We estimated that of 1918 at \$220,000,000, and the actual figures were \$211,301,000. For 1919 the best estimate we can obtain is \$167,000,000, showing a falling off of nearly \$45,000,000, which is almost entirely in metals. Because of the ending of the war we produced only about half the quantity of nickel produced in 1918; about the same quantity of lead and zinc, at lower prices; less copper, also at lower prices; and less silver, but at higher prices.

Canada's Debt.

The statement of the public debt of the Dominion of Canada at the end of November shows a net total of \$1,817,839,000, and we are informed that at the end of the fiscal year, March 31st, it will be \$1,950,000,000. The estimated net amount due by Great Britain to the Dominion at the end of November is \$181,000,000. There is also due by the governments of four other countries about \$20,000,000. These assets are taken into account in stating our net debt. In addition to the debt due by Great Britain to the Government of Canada, there is a debt of \$200,000,000 due by Great Britain to the Canadian banks, on which, however, since the close of the year partial payments have been made. The war expenditure of our Government has fallen from a million dollars daily to half a million, but we are still far from normal in this respect. The expenditure for pensions has now reached \$3,000,000 monthly.

Canadian Securities.

The sales of Canadian securities for 1919 are much larger than in 1918, and there is an important difference in their distribution.

Security.	Total Sold	In Canada	In United States	In Great Britain
Government	\$781,812,000	\$629,562,000	\$152,250,000	
Municipal	27,166,393	18,333,893	8,832,500	
Railway	35,355,133	5,700,000	24,550,000	\$5,105,133
Public Service Corp.	20,950,000	11,100,000	9,850,000	
Miscellaneous	44,100,202	34,595,202	9,505,000	
Total	\$909,383,728	\$809,291,005	\$204,987,500	\$5,105,133
	100 p.c.	76.89 p.c.	22.54 p.c.	.57 p.c.

There is an increase of about \$145,000,000 in the total, but the increase in the amount sold in the United States is over \$170,000,000. Had it not been for these sales the difficulties in connection with New York exchange would have been much greater.

The Process of Adjustment.

The difficulties of reconstruction after the great war are even greater than we feared. The whole world is feeling the effect of four years in which the ordinary work and economics of life were not merely neglected, but the basis thereof was almost swept away. We are short of almost every commodity, the strongest evidence of this being the fact that millions of people in Europe face actual starvation. We cannot re-establish the normal supply of commodities except by working harder than usual, and we cannot lessen the terrible strain of high prices without doing the extra work which will put an end to the lack of commodities. We cannot adjust prices without also bringing about a contraction in the volume of paper money and other instruments of credit, and so far as it is possible to enforce contraction without interfering with the production of what is really necessary, the reduction of prices will be facilitated. In a word, bankers should not aid speculation, or assist ventures which do not directly lead to production. We are still building ships with feverish haste throughout the world, and we ought to be spending large sums on railroads in order that commodities may be freely distributed. The present cost of ocean transportation, quite as much as the cost of goods at the primary markets, stands like a huge barrier across the pathway of return to normal conditions. What is worse, however, is that even present prices, in the natural order of things, will go on rising until the lack in the world's supply of commodities has been filled, and there has been a large contraction in the volume of paper money now in existence.

Wages and Prices.

In the case of many classes of wage earners there has been an adjustment of pay against this increased cost of living, but there are many instances in which there has been either no adjustment or one quite inadequate. There are, however, some classes of earners who are so highly paid, in comparison with the past, that they have unusual spending power, and, along with all the others who have profited unduly by the war, they are spending their money in such a manner as to increase still further the troubles of the less well-off. Apart from this, after the gigantic struggle of the war, the world has slackened its energies and is filled with argument and unrest. All these elements move along an ascending spiral which clearly ends in ruin if we cannot arrest their course.

Prices will be higher than before the war for many years to come, but a readjustment to tolerable conditions is absolutely necessary if we are to enjoy the peace bought at such a cost. Governments must cease borrowing and keep their expenditures within their powers of taxation; both individuals and governments must spend less on things not absolutely necessary, and we must all work harder to produce the normal supply of all the commodities useful in life.

Co-operation Essential.

Canada, as I have already said, won its high place in the world's regard by superb co-operation in the one ideal of winning the war. Can we not compromise for the moment the differences between capital and labour, between farmer and manufacturer, between the various interests that are risking our future for the sake of their own particular grievances, and co-operate in another ideal equally great, the restoration of peace and the return of prosperity on a better foundation? With this accomplished the separate ideals of the industrial divisions of our society can be discussed with far more chance of fair adjustment than is possible in these difficult times.

Must Increase Exports.

We know now roughly the cost of the war as represented by our public debt. This debt is held mostly at home but partly abroad. In addition, there were issues of securities made before and during the war by governments, municipalities and private companies, and sold abroad. On the whole of this debt, so held abroad, the annual charge is about \$190,000,000 per annum. Of this roughly about \$65,000,000 is due to holders of our securities in the United States, and about \$125,000,000 to holders in Great Britain and Europe. This debt we can pay only by an excess of exports over imports or by new borrowings. The debt at home is our own domestic affair. Certain citizens have advanced the cost of the war to the nation, and we now have to distribute this cost by taxation over all the citizens of Canada (except those who escape taxation), so as to meet the annual amortization payments. If the annual payments are obtained by reasonably fair taxation, so levied that the taxes do not become a cause of restraining our industries, we shall not fail to win through, but to accomplish this, much study of the subject is necessary.

Taxation.

Many forms of taxation not yet in use in Canada will doubtless be employed, in addition to those now in force, but the whole question should be approached without that class feeling which often causes taxes to be so apportioned that bitterness and a sense of injustice are felt by many who do not object to being heavily taxed so long as those who really can afford to pay their share do not

escape. The income tax should be paid by a much larger number of citizens. The tax on surplus profits needs much study; there is all the difference in the world, both in justice and in the interest of the community, between a large aggregate of profit made by a small margin on each transaction and a similar sum made by an unfairly large margin of profit on each transaction. The community may be deeply interested for its own advantage in securing the extension of the first kind of transaction, while no one is interested in the success of the other class except the taxpayer himself. The tax in the end must be borne by our industrial activities, and we are foolish if, in our eagerness to escape our own share, we make such burdens so heavy on others that many of these activities must cease, and commodities that under fair conditions might be produced at home are replaced by imports from abroad.

Little Unemployment.

The usual review of business conditions presented at our annual meetings is of marked interest this year. The unemployment which it was feared a year ago would be wide-spread, even if only temporary, did not occur except in a few centres of industry. Industrial plants were quickly readjusted to peace time industries and orders for many kinds of commodities poured in beyond the capacity to fill them, not so much, however, beyond the capacity of the plants as beyond that of the men to work them; and, therefore, as we are not satisfying the demand, prices must go on rising. At the same time the demand for housing accommodation and for many other public and private building requirements is greater than the world has ever known before. Surely this all sounds like the prosperity we so often sigh for, and, indeed, to many it is a time of large profits or high wages, but the pendulum can swing only a certain distance in one direction or the other. There is not much satisfaction in a prosperity which can only be sustained by borrowing more money, nor can our comfort be unalloyed if production is insufficient to keep a large part of the world from starvation.

A Review of Events.

When the future historian, however, looks back at the events of the past year, he will not see an irresolute world failing to take steps necessary to recover the road to happiness. He will applaud the efforts of society in Winnipeg, London, Boston and elsewhere, to defend itself against revolution; he will wonder at the activity in the shipyards of the world to supply the lack of transportation; he will see that capital and labour are not farther apart but much nearer to reasonable solutions of their difficulties; he will, indeed, from his lengthened perspective, see that the chaos following the

war is steadily yielding to that great quality of civilization on which the hope of the world rests—the love of order. We hear much about the decline in the exchange value of the pound sterling and more about Great Britain's loss of ascendancy in the world of finance, but if you will read the report of our London manager you will find no trace of doubt, no murmur of complaint. Great Britain has accomplished the most stupendous things in history; the world owes her more in respect and admiration than it can ever pay; but she asks nothing from others—she is simply clear-sighted and aware of her enormous obligations, and of what they involve. No one who reads this statement will find cause for pitying her, she is so strong and self-reliant; on the contrary, there is abundant cause for pride that we are part of the great empire which in the supreme emergency saved the world.

One feature of the British financial situation which adds to our difficulties is the sale here of Canadian securities hitherto held in Great Britain. So long as the sale in Canadian dollars will produce so much more than usual in pounds, this return of our securities will go on, and each sale has the same effect on our international finance as the importation of merchandise of the same value.

Our Neighbor.

The report of our New York Agents is also worthy of careful study. The volume of business transactions in the United States is so large that the effect of legislation or of any new condition in commerce is apt to be seen more clearly and more quickly than in smaller countries. The effect of price-fixing, and of taxes on excess profits, is clearly apparent in a lessening of production. Whatever may be the right way in which to punish the profiteer, these two methods act as boomerangs. In the end it is the consuming public that is punished. In the United States the enormous profits made by supplying the allies have led to a post-war expansion on a vast scale. The formation of new companies exceeds all previous records, and the inflation in stock-exchange prices has made many enormous fortunes, the buying power of which is the same as that of money made in any other manner, but the basis of which, so far as the country as a whole is concerned, may be an idle dream. In marked contrast to this power to sell securities at inflated prices, is the perilous position of United States railroad securities. Because railroads are prevented by what is really price-fixing from securing a freight rate adequate to the cost of administering them and of keeping them in proper repair one whole transportation system of the United States is not merely imperilled, but is evidently facing ruin if an entirely different policy is not adopted. But at a time

when foreign and home trade, and almost every business, except that of the railroads, is experiencing any expansion never equalled in the past, it is hard to get a hearing for any complaint.

Newfoundland Prosperous.

The business review of Newfoundland indicates unusual prosperity, larger markets, the building of ships with a view to increase the catch of fish, and better preparation of the product. In the Maritime Provinces there is general prosperity in all that depends on fishing and agriculture, but no increase in the output of coal, a great disappointment at this moment of scarcity. An even more disconcerting fact is that the cost of labor in the steel industry has gone beyond the point where sales can be readily and profitably made, and this must be adjusted before normal conditions are restored.

In Quebec as well as in the cities of the Maritime Provinces, Ontario and elsewhere, the need of greater housing accommodation is painfully apparent. The information regarding shipbuilding is most gratifying, and we hope that what is said regarding road building by both our Quebec and Ontario representatives will be carefully studied, and will have some effect in hastening the progress of the work on this very necessary aid to economical transportation.

The prairie provinces suffered from bad weather and produced only an ordinary harvest. This harvest, however, would have been very gratifying but for the terrible needs of Europe at the moment.

In almost all the reports there are statements of great importance in regard to mining. Our reports from British Columbia and the three Pacific States all exhibit marked prosperity, especially in view of the great variety of their products and markets.

Shipbuilding Program.

In the effort to conquer the difficulties of transport by sea, and for the further purpose of building up foreign trade with new countries, the Government of Canada has entered upon a relatively large programme of shipbuilding. Contracts have been let for sixty vessels with a deadweight tonnage of about 360,000 tons. Of these forty-five were contracted for before the Armistice at slightly under \$200 per ton, while fifteen contracted for since the Armistice will cost less than \$175 per ton. The total cost of the sixty vessels will be slightly under \$70,000,000. To date twenty-three vessels have been completed and nineteen have been turned over to the Canadian National Railways and are in commission. These ships have been built in fourteen different shipyards in the

following thirteen places: Halifax and New Glasgow in Nova Scotia; Levis, Three Rivers and Montreal in Quebec; Toronto, Welland, Midland, Collingwood and Port Arthur in Ontario; and Vancouver, Victoria and Prince Rupert in British Columbia. There can be no doubt that in opening up new routes between Canada and the West Indies and South America, where private enterprise could hardly be expected to bear the initial cost of the enterprise, these Government vessels have done excellent service. From the report on business conditions for Quebec it will be seen that considerable shipbuilding for other governments and individuals is also being done in Canada.

In the number of cargoes handled Montreal has had the largest year in the history of the port. The trans-atlantic ships arriving at the port this year exceeded 700, against about 400 ten years ago.

Foreign Trade.

In a supplement to our August monthly letter we published some of the information gathered by representatives of the Bank who recently visited Australia, New Zealand, Japan, Korea, Manchuria, and China in the interests of the foreign trade of Canada. While it is reasonably clear that our exports for some time to come will consist mainly of the products of the field, the forest, the mine and the sea, the great staples of our country, we must hope steadily to increase the export of commodities on which we have spent the maximum of labour rather than those on which we have spent the minimum, that is, manufactured good rather than raw material. At present there is such an active market at home for the product of our manufacturers, that few Canadian firms seem to be trying to enter foreign markets. In the supplement referred to we tried to demonstrate how varied is the field for articles which we can make, and what have been the main hindrances to success thus far. As our supplement says: "Undoubtedly a share of the trade can be secured if our manufacturers will go to the expense of sending a competent representative to study local requirements, select local representatives and co-operate with the latter in the sale of their goods. Immediate results should not be expected, and manufacturers should be prepared to bear at least a share of the cost of advertising for a few years until their goods are well established, and their reliability and durability proven.

Made in Canada.

We can sell in another country only if the goods are at least equal to those of our competitors in price and quality, and we should aim to have the stamp "Made in Canada" represent absolutely un-

doubted quality, the best workmanship and the finest materials. It is only by producing a superior article that we can hope to make rapid progress in our foreign trade." Many manufacturers will urge at the moment that if they cannot get raw material or labor sufficient to enable them to fill home orders, it is idle to talk of foreign trade, and it is hard to answer such a statement. Nevertheless, when the pendulum swings the other way, we shall need the foreign trade and, indeed, in the future we shall not readily be able to meet our indebtedness on securities held abroad unless we can greatly build up our exports. For this reason we feel that the spade work which must in any event be done should be begun now. We should be opening markets for Canadian goods in other countries for the purpose of building up a trade which we shall sadly feel the want of in a few years, if we ignore our present opportunities.

Solve Our Problems.

We have said before that Canada can solve its

post-war problems more readily than almost any other country, but this, of course, means Canada at its best. We shall, I hope, settle our problems of taxation with reasonable fairness and common sense; so improve the relations between labor and capital that the country can do its very best in production; so direct the large immigration which is coming both from Europe and from the United States when transportation becomes less difficult and less costly, that it will greatly increase the numbers both of settlers on the land and of workers in factories; and thus enable our country to bear cheerfully the cost of the war and, better still, make every returned soldier think that such a country was worth fighting for.

The Report was then adopted unanimously. The by-laws of the Bank were amended, the number of Directors being increased. The retiring auditors were re-elected, and the usual vote of thanks to the Directors and staff was passed.

The Meeting then adjourned.

THE NORTH EMPIRE FIRE INSURANCE COMPANY

Policies guaranteed by the London
Guarantee & Accident Co., Limited,
London, Eng.

HEAD OFFICE, PARIS BLDG., WINNIPEG
TORONTO OFFICE: 218 CONFEDERATED LIFE BLDG.

J. E. HOJNSOM, Manager

NOTICE

Notice is hereby given that the BRITISH GENERAL INSURANCE COMPANY LIMITED of London England, has been granted Dominion License No. 829, dated 5th Dec., 1919, to transact in Canada the business of FIRE INSURANCE.

THE MONTREAL CITY & DISTRICT SAVINGS BANK

The Annual Meeting of the Shareholders of this Bank will be held at its Head Office, St. James Street, the ninth day of February next, at 12 o'clock noon, for the reception of the Annual Reports and Statements and the Election of Directors.

By order of the Board.

A. P. LESPERANCE,
General Manager.

Montreal, January 7th, 1920.

NOTICE

Notice is hereby given that License No. 834 has been issued by the Department of Insurance at Ottawa, authorizing the Royal Scottish Insurance Company, Limited, of Glasgow (of which Mr. George E. Moberly has been appointed manager for Canada) to transact in Canada, the business of fire insurance.

WANTED

For Automobile Insurance, an energetic young man to produce new business in Montreal, by a strong Company already established. Applications strictly confidential. Apply to P.C.A., c/o The Chronicle, Montreal.

WANTED

By an important Fire Insurance Company, General Agents for Montreal and vicinity. Apply in confidence to General Agents, c/o The Chronicle, Montreal.

WANTED

Advertiser, with seven years experience in all departments of Fire Insurance, is desirous of making a change, and invites correspondence. Both languages. Address Change, c/o The Chronicle, Montreal.

WANTED

Active real estate and insurance man for old established business. Apply, giving experience, age, references and remuneration expected, to P.O. Box 130, Vernon, B.C.

"The Oldest Life Company in America"

"Mutual Life"—known in every household. Unexcelled policies and service, notable financial strength, co-operation with agencies. Life Insurance at its best!—the Agent's desire and ideal.

For terms to producing Agents address
The Mutual Life Insurance Company
OF NEW YORK

34 Nassau Street, New York City

GENERAL

FIRE AND LIFE
ASSURANCE CORPORATION LIMITED
OF PERTH, SCOTLAND.

Total security to Policyholders now exceed - \$12,500,000.

PELEG HOWLAND Esq.
 Chairman Advisory Board.

T. H. HALL **JUDSON G. LEE**
 Manager for Canada. General Agent Montreal.

THE London Assurance CORPORATION OF ENGLAND.

INCORPORATED BY ROYAL CHARTER A. D. 1790

CAPITAL PAID UP - - - - - \$ 3,741,875
TOTAL ASSETS EXCEED - - - - - 42,500,000

Head Office for Canada - **MONTREAL**
W. KENNEDY, W. B. COLLEY, Joint Managers.

Employers' Liability

Manufacturers—Contractors—Merchants

The Workmen's Compensation Act imposes upon you serious obligations respecting your liability for injuries or death suffered by your employees by reason of or in course of their work.

The Provident Assurance Company issues, at reasonable cost, an Employers' Liability Policy that provides complete indemnity against all liability imposed by law upon the assured for injuries to his employees, including all legal expenses.

The Provident Assurance Company

189 St. James Street, Montreal. Tel. Main 1626-7.
J. C. Gagne, Managing Director.

ATLAS ASSURANCE COMPANY LIMITED

Founded in the Reign of George III

Subscribed Capital - - - - \$ 11,000,000
Capital Paid Up - - - - - 1,370,000
Additional Funds - - - - - 25,195,205

The Company enjoys the highest reputation for prompt and liberal settlement of claims and will be glad to receive applications for agencies from gentlemen in a position to introduce business.

Head Office for Canada:

260 St. James St., MONTREAL
MATTHEW C. HINSHAW, Branch Manager

Established 1836

Queensland Insurance Co. Limited of Sydney, N. S. W.

Capital Paid Up \$1,750,000 **Assets \$4,015,811**

Agents Wanted in Unrepresented Districts.

Managers for Canada:

Montreal Agencies Limited, Montreal



Assets:
\$30,389,461.55
Surplus:
\$8,824,000.31

Canadian Head Office:
MONTREAL.
J. W. BINNIE, Manager

L'UNION

FIRE INSURANCE COMPANY, Limited
 Established 1828 Head Office: PARIS, France.
Capital fully subscribed. . . \$2,000,000.00
25 p.c. paid-up

Fire and General Reserve Funds 6,792,000.00
Available Balance from Profit and Loss Account. 118,405.00
Net Premiums in 1918. 7,105,053.00
Total Losses paid to 31 Dec., 1918. 108,718,000.00

Canadian Branch:

LEWIS BUILDING, 17 St. John St., Montreal
Manager for Canada: MAURICE FERRAND