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The Journal of Commerce

MONTREAL, CANADA

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GARDENVALE, P. Que., JUNE 8, 1920

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Canadian West Indian Trade

By OUR OTTAWA CORRESPONDENT

The Workers Coming to Canada

By B. K. SANDWELL

Views on the Budget

Compiled By THE RETAIL MERCHANTS' ASSOCIATION

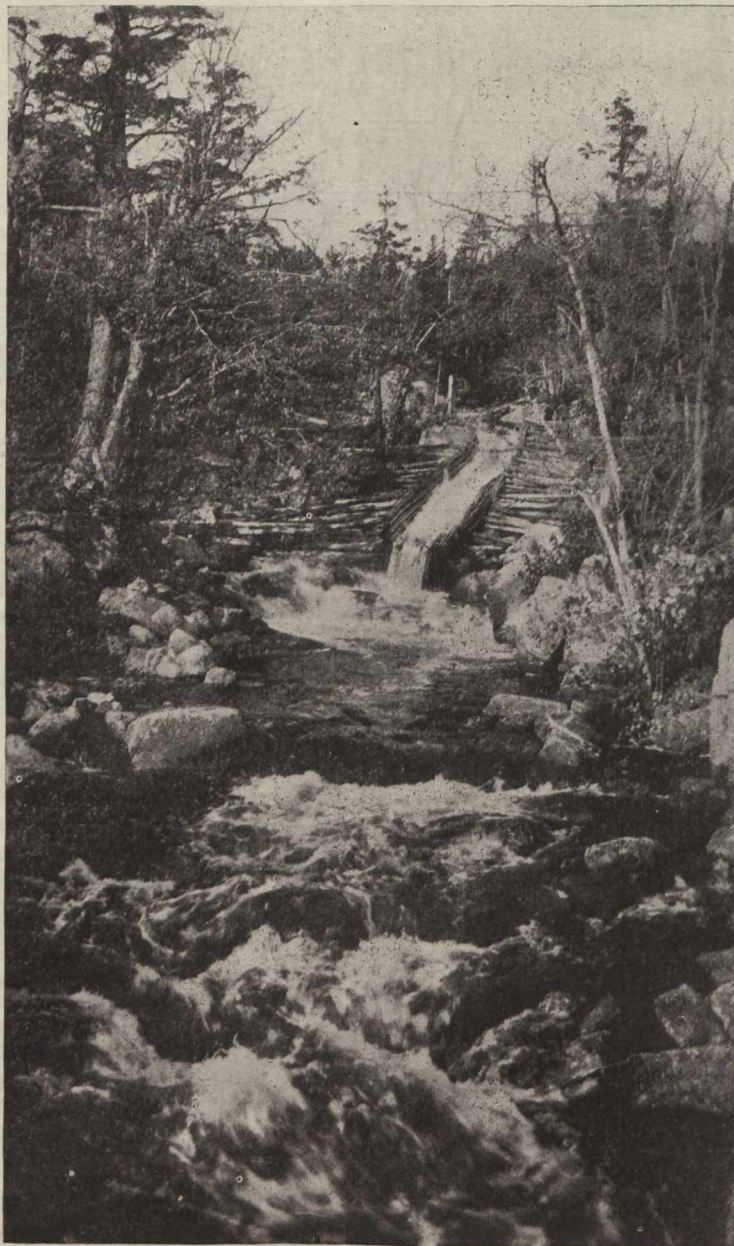
Grasshopper Plague Threatens West

By E. CORA HIND

Nova Scotia Water Power



As a result of investigations carried on by the Nova Scotia authorities in co-operation with the Dominion Water Power Branch, Interior Department, Ottawa, revealing water power assets of considerable magnitude, The Nova Scotia Power Commission was organized under comprehensive legislation, to undertake the development of certain of these powers.



The first undertaking of the Commission is that of St. Margaret's Bay, of which a view is shown herewith, where 8,000 H.P. is now being installed, which will later be increased to 12,000 H.P. as a start to provide Halifax with an adequate supply of Hydro-Electric energy.



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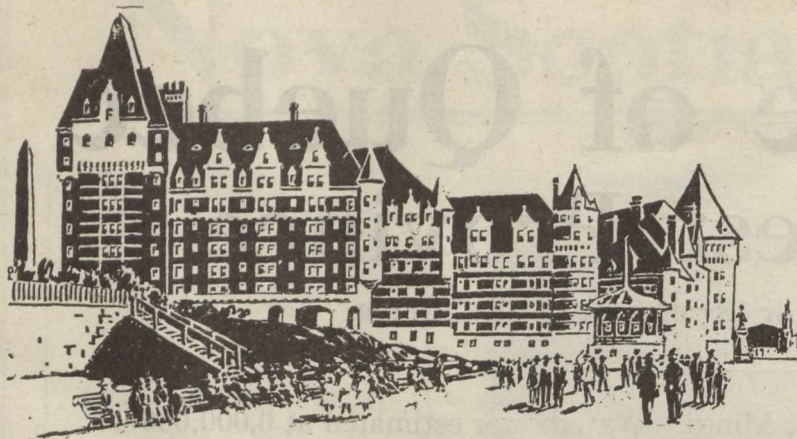
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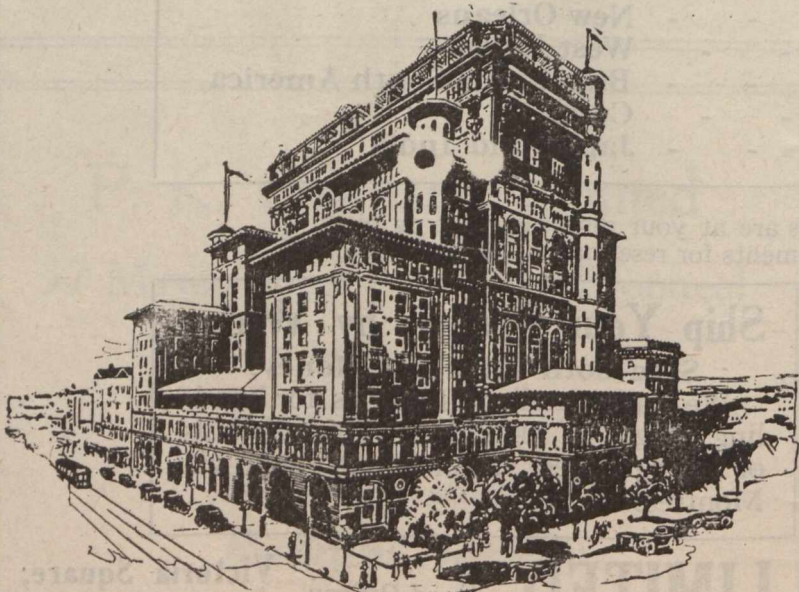
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The Journal of Commerce

MONTREAL, CANADA

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The Dark Horses at Chicago

ON the eve of the opening of the Republican convention at Chicago interest in the Presidential nomination is very keen. The Democratic convention, which will be held a little later at San Francisco, will of course attract much attention too. But, as there is a pretty wide opinion that the Republicans, if they can be united, are likely to win in the November contest, the proceedings of their convention seem to be regarded as the more important. Up to this moment three men have occupied leading positions in the fight for the nomination. There are a number of others who are strong in particular States or sections of the country, but have not so far developed national strength. The three men who have held the foremost positions are General Leonard Wood, Senator Hiram Johnson, of California, and Governor Lowden, of Illinois. Yet it would not be a safe guess to say that any of these will win the nomination.

General Wood has made a vigorous fight in the primaries and has won a substantial lead over his rivals. The value of his lead is rendered questionable, however, by the disclosure before an investigating committee that it has been won by the expenditure of an enormous sum of money. An expenditure of over a million dollars on his behalf is admitted, and it is probable that much more than that has been used. One patriotic manufacturer of Cincinnati acknowledges that he provided over half a million dollars as a "loan" for the Wood campaign and that he has no idea of how he is to be repaid. No specific corruption is alleged, but the feeling is strong that a candidate requiring such lavish expenditure in the preliminary stage of the fight is not likely to commend himself to the independent voters in November.

Senator Johnson, who ran for Vice-President with Roosevelt in a previous contest, has strength of a peculiar kind, which in the end may prove a misfortune. He is a vigorous and effective campaigner, who can count on the votes of the more radical elements of the people. The Hearst string of newspapers are his warmest supporters. These elements may in the end prove to be a weakness rather than a strength, for the

more conservative portions of the party will be against his candidature and many of them would not support him if he received the nomination.

In these aspects of the situation it would seem that Governor Lowden, of Illinois, would push to the front. But unfortunately for him the investigations of the committee already referred to have shown that his friends have been spending much money for his campaign, though nothing like the sums from the Wood fund, and some of the expenditures are more open to criticism than any of these made by General Wood's friends.

While all things are possible in a political convention, the indications are that the three leaders will be set aside and that once more a "dark horse" will win the prize. It need not create any surprise if the dark horse proves to be Herbert Hoover, whose candidature hitherto has been regarded by many as not of a serious character, but who has much strength among the independent voters and does not antagonize any large section of the people. With Hoover for President and one of the old guard of Republicans, such, for example, as Governor Coolidge, of Massachusetts, for Vice-President, the Republicans would have a strong ticket.

The Irish Bill

THE British House of Commons, the busiest legislative body in the world, is occupying itself with what might almost be called the solemn farce of enacting a Home Rule bill which nobody wants and nobody expects to become of practical value. That the Home Rule Act passed several years ago, and held in suspense on account of the war, no longer meets the requirements of the time is readily admitted. The Government, unwilling to have that Act come into operation, feel the necessity of providing another measure, and have endeavored in all earnestness to devise one to meet the case. When men who in all the past discussions of Irish affairs have resolutely opposed the whole principle of Home Rule are found united in supporting a Home Rule measure, it must be admitted that a

long step in advance has been taken. Unfortunately the step comes too late. A few years ago a much less liberal measure would have been accepted by most of the Irish people. Now the Government are obliged to act in circumstances that seem to make the Irish problem hopeless of solution. The House of Commons gives a somewhat listless attention to the details of the Home Rule bill, because the feeling is general that, no matter what amendments are made, no matter in what shape the measure comes out of Parliament, it will be little more than a dead letter.

The Irish people have given much evidence that they will do nothing to help Parliament in the matter. The Ulster men do not want the bill. From none of them does it receive a cordial support; from few even a reluctant assent. The Sinn Fein section—unfortunately the apparent majority of the people—will have nothing to do with the measure. The Government will feel bound to carry the bill through Parliament. But how they can hope to put it into operation without the prospect of adding to the present confusion must be a puzzle to them. The once powerful Nationalist party, which was prepared to work out a scheme of constitutional Home Rule within the Empire, has ceased to exist. The extreme conduct of Sir Edward Carson and his Ulster friends gave Ireland over to the control of the Sinn Fein. The one thing apparently that will now suit the majority of the Irish people is the creation of an independent Irish Republic. The people of Great Britain, the people of the British Empire, cannot be expected to assent to the proposal to establish the Republic.

There are limits to the doctrine of self-determination so much talked of now. If every section of an Empire or a nation is free to separate from the rest and set up house-keeping for itself, nationhood becomes an impossibility. In the United States an ocean of blood was shed in successful protest against that doctrine. Every sovereign nation is justified in endeavoring to maintain its unity. If it uses its power to oppress any section of its people there is a world court of public opinion to which the victims can appeal with some prospect of relief. No such condition exists in Ireland. There is the ancient grudge against England, which is not to be met by mere reason. As respects all material things Ireland has no real grievance today. Her economic situation is one of prosperity. She is subject to no injustice that would warrant any other country in taking up her cause.

How then can the British nation be expected to yield to the demand for the setting up of an Irish Republic within gunshot of the shores of England? Nevertheless there are people in England and elsewhere who believe that the granting of such a separation, or at least the offer of a free choice to the Irish people, is the only possible solution of the Irish problem. Indeed,

the suggestion is made that if Ireland is offered such a free choice she will not then want separation. That is the view of the London New Statesman, an advanced Liberal weekly, which says:

"Every one who knows Ireland knows also that if Ireland had been independent, it is hard to conceive any international conflict in which she would not have been our inseparable friend and ally. The tragedy of the present situation lies in the fact that it might be entirely transformed by so small an amount of courage and generosity. If we offer Ireland unconditional freedom we can win her. If we maintain our present indefensible and insensate policy of coercion we shall lose her—perhaps forever. That is the real alternative today. Ireland will never be a willing member of the British Commonwealth until she has been offered the free choice of complete independence if she so wills. We may reasonably attach conditions to the offer. We may insist that no decision shall be taken until a certain, perhaps prolonged, period shall have elapsed—long enough for the passions of today to have burned themselves out. But the ultimate choice must be perfectly free."

One is reminded of the story told in one of Punch's cartoons some years ago. In one of the periods of disturbance among the working men of London the holding of public meetings in Trafalgar Square had been prohibited. Subsequently, a change of Government having occurred, the ban was removed. Jack, meeting his comrade Dick, enquires, "have you heard the news?" "What news?" asks Dick. "I hear," says Jack, "that they will now let us meet in Trafalgar Square." "Will they?" remarks Dick. "Then I won't go."

The London weekly apparently believes it is only because the Irishman is denied a Republic that he wants it, and that if offered to him it will be rejected.

A Government House Question

THE question of the maintenance of a Government House—an official residence for the Governor-General or, as the case may be, the Lieutenant-Governor, has often proved a disturbing one in Canadian politics. The member of radical or ultra-economical views finds in expenditure on such property a tempting subject for criticism. Ottawa's outlay of this kind has not lately been questioned, but there have been times when keen inquiry has been made into such things. When the Farmers' Party is seeking for grounds of criticism it may raise this question as it has already done in the case of the Provincial Government House at Toronto.

The Farmer-Labor Government of Ontario found that it was easier to talk of the waste of money on Government House than to do away with the institution. When the farmers in power began to talk of abolishing the Ontario Government House, the Lieutenant-Governor, in a public speech,

charged them, in effect, with Bolshevism. The Farmers' Government did not resign. Government House still lives.

In New Brunswick some years ago the radical economists made such a fuss over Government House that the Government of the day abolished the hated thing. The buildings were used for other purposes and the Lieutenant-Governor has ever since been left to wander where he pleases in search of a home. In several of the other provinces attacks were made on Government House, but without success.

In Prince Edward Island a peculiar situation has arisen. In Charlottetown, Government House has not for some years occupied as prominent a place in the social world as in the olden time. In war-time the buildings were turned over to the military authorities for hospital purposes, and a private house was taken for the Governor's use. The war being over, and the buildings available for other purposes, it is suggested that they might usefully be converted into a summer hotel. In furtherance of this movement the Government introduced and carried through the Legislature a bill giving them the right to dispose of the property. This bill the Lieutenant-Governor has declined to sign; it is "reserved for the pleasure of His Excellency the Governor-General."

This is not the first time that the right of a Provincial Government to dispose of a Government House has been called in question. While the point, we believe, has never been judicially determined, there is much ground for the opinion that the title—in the case of such property held by provinces before the passing of the Confederation Act—is in the Dominion and not in the Provinces. Under the Confederation Act all property whatsoever belonging to the provinces was vested in the Dominion, subject, however, to a reservation of certain property for Provincial purposes. It is claimed that under this provision the occupation of Government House is reserved to the Provincial Government, who are free to use it for any Provincial purpose, but not free to dispose of it. It is probably on this ground that the Lieutenant-Governor of Prince Edward Island has declined to sign a bill designed to enable the Government to sell the property.

The refusal of a Lieutenant-Governor to assent to a bill promoted by his constitutional advisers is such an unusual event that it is likely to attract much notice. It implies a disagreement between the Crown's representative and his advisers, which in most cases must lead to the resignation of the Ministry. In this case, for the reason we have given, the Governor may have a ground for his action. The pity is that the whole matter was not frankly discussed between the Governor and his Ministers at the beginning, and that they did not refrain from pressing in the Legislature a bill that he was not prepared to sign.

Canadian West Indian Trade

**Our Products Differ Essentially from those of the West Indies—
We need their Produce and they need ours—What our
Trade now is and how it will be increased.**

BY OUR OTTAWA CORRESPONDENT.

Ottawa, June 7.—The movement for the promotion of inter-Imperial trade has, insofar as Canada is concerned, found expression in the Canadian-West-Indian conference now in session at the capital. In 1913 a ten year trade agreement was entered into between the Dominion and several of the British islands in the West Indies group, by which certain products from Canada were admitted into the islands at a preferential rate of 20 percent. below the ordinary tariff rate, the same preference being granted on certain commodities from the island imported into Canada. The result having been thus mutually beneficial, it is believed that greater good may result through the providing of better steamship service, through increasing the preference, and the including within the agreement of a number of islands that did not enter in 1913. As the delegates included representatives from Jamaica and the Bahamas, which are not parties to the agreement, it is considered probable that they may now come in.

The parties to the agreement are: British Guiana, Trinidad and Tobago, Barbados, Grenada, St. Lucia, St. Vincent. Those that did not enter were Jamaica, Turks and Caicos islands, the Bahamas and British Honduras. Bermuda is also on the outside.

The following are the commodities on which the preference is granted when they are imported into the colonies from Canada: meats, salted or cured; canned, also fresh and poultry; fish, canned, dried, salted, or pickled; indian meal, rolled oats and oatmeal; cereal foods, wheat flour, bran, biscuits of all kinds, oats, beans and peas, bituminous coal, butter, cheese, lard, hay, horses, cows, oxen, sheep, swine and living poultry, brooms and brushes, boots, shoes and slippers, cordage, agricultural implements and machinery, iron and steel nails, spikes and rivets, wire, woven wire fencing and metal gates, machinery, steam boilers, electrical machinery and dental apparatus, vehicles, paints, colors and varnishes, paper of all kinds, soap, house, office, cabinet or stock furniture of wood, planks, deals, boards, joists, scantling, shingles, shooks, staves, doors, sashes and blinds, pianos and organs, starch, trunks and valises, cement, glass bottles, lamps, and lamp chimneys, nickle-plated, gilt or electro-plated ware, calcium carbide, linseed oil cake, fresh fruits, canned and bottled preserves, condensed milk.

That the preference has imparted an impetus to commercial relations between Canada and the islands may be seen in the fact that the value of Canada's total trade with them, which in 1914 was \$13,188,449, was in the year that ended on March 31st last \$27,662,910. The latter figures do not of course include Jamaica. In the first mentioned year the imports from the islands affected and British Guiana were valued at \$8,045,844; in the year ending March 31st they were \$19,506,090; while the imports were \$5,151,963 and \$12,062,623 respectively.

The imports during the fiscal year were as follows: from Barbados \$7,532,265, British Guiana \$7,412,931, Trinidad and Tobago \$945,469, other British West India islands \$974,577. Sugar was the chief article of import; as follows: from British Guiana \$6,953,267, Barbados \$4,130,318, other British West India islands \$371,346. To some extent the increase in the imports of sugar are due to the preference granted by Canada. Trinidad and Tobago bought most heavily from Canada dur-

ing the year ending March 31st having taken commodities to the value of \$3,786,023, British Guiana \$3,122,074, Barbados \$2,194,925.

In addition, Canada's total trade last year with Jamaica, the Bermudas and British Honduras, which are not parties to the trade agreement, was valued at \$5,929,498, \$1,334,025 and \$332,574 respectively. Thus her total trade with the British West Indies, British Guiana, the Bermudas and British Honduras or the whole of the British possessions in the West Indies, Central and South America during the year ending March 31st, was \$35,259,007.

With islands in the West Indies, other than British possessions, Canada's total trade during the fiscal year was \$37,645,158, made up as follows: Cuba, \$24,444,189; Dominion republic, \$10,844,873; other islands, \$2,356,496. Of this \$28,437,000 or 75 per cent., represents imports. Since 1913 Canada's trade with Cuba has increased six fold, due chiefly to the heavier imports of sugar and the higher prices of the same, during recent years.

Information received this week indicates that the Imperial oil Company has planned a program of oil exploration in Western Canada of considerable dimensions and larger than was projected at the beginning of the season. There are now nine drilling rigs in different parts of Saskatchewan and Alberta, ranging from the vicinity of the 49th parallel of latitude to close to the Arctic Circle. It is understood that no very definite results have been attained as yet but early information on the subject is looked for soon. The party that wintered on the Mackenzie River is being relieved by another who are expected to leave Peace River crossing during the latter part of May. Besides the well that is being sunk in the far North, there is a drilling rig near the Great Slave Lake; there drilling parties are operating in Southeastern Alberta, near the foothills, one of which is not far from the international boundary: one well is being drilled in Southwestern Saskatchewan, near Consul; another is located in eastern Alberta, near Czar, and there are two others in central Alberta.

A geological map has just been issued by the Ontario Bureau of Mines, which embraces the prospective gold area between Larder Lake and Lake Abitibi. The map accompanies a report by Cyril W. Knight, Assistant Provincial Geologist, and will be of very great assistance to prospectors intending to enter that field. The new territory mapped geographically is known as the Ben Nevis Gold Area, and is regarded as one of considerable prospective merit.

Egan Township, twenty-eight miles east of Porcupine and about ten miles southwest of Matheson, is described in a recent report by Chas. A. Randall for the Lightning River Gold Mines as possessing "excellent possibilities of developing ore zones or veins of commercial importance." Mr. Randall says that he found a district zone or vein system, including in its boundaries quartz, veins, porphyry dykes and schist. He further reported one vein open by a shallow test pit as showing in some places free gold. He had samples averaging \$9 per ton, but some were quite low and others

The Bank of Nova Scotia.

DIVIDEND No. 202.

Notice is hereby given that a Dividend at the rate of four per cent on the paid-up Capital Stock of this Bank has been declared for the quarter ending June 30th next, and that the same will be payable on and after Friday, the second day of July next, at any of the offices of the Bank in Canada. The Stock Transfer Book will be closed from the 16th to the 30th, proximo, inclusive.

By order of the Board,

H. A. RICHARDSON,

General Manager.

Halifax, N.S., May 21st, 1920.

THE MONTREAL CITY AND DISTRICT SAVINGS BANK.

Notice is hereby given that a Dividend of two dollars and fifty cents per share has been declared on the Capital Stock, called and paid up of this Bank, and will be payable at its Head Office, in this City, on and after Friday, second of July next, to Shareholders of record, Tuesday, fifteenth of June next at three o'clock p.m.

By order of the Board,

A. P. LESPERANCE,

General Manager.

Montreal, May 28th, 1920.

Another round-the-world steamship line with British Columbia ports as its actual terminal has been inaugurated according to an announcement from Premier Oliver. The line which is to be opened at once and known as the North Pacific-Havre-Calais Line is to be operated in French interests.

Wide Search For New Oil Wells

ran as high as \$74 per ton. He thinks that larger samples should be taken now to determine more closely the representative gold content of the find.

A report from South Porcupine says that arrangements have been made to thoroughly explore the Carveth Gold Mines east of Night Hawk Lake, some twenty miles from Porcupine, with diamond drills. Surface showings are said to be highly promising.

Little difficulty, it is said, has been experienced in getting a full working force for the Bailey-Cobalt Mine and operations are now in fairly good swing. A feature in connection with the resumption of work on the mine is the fact that it differs from most new mining operations in that a large volume of medium grade ore is actually developed and ready to take out so that it will not be necessary to conduct prolonged exploration or development work in order to prepare for actual shipments of ore.

For many years Sweden has been able to raise enough sugar to supply her own demands and export considerable quantities to Norway and Finland, but in the past few years the consumption of sugar per capita has increased to a great extent. The annual consumption per capita has per capita has been 69.2 pounds, which is larger than that of Germany (42.3 pounds) and of France (37 pounds), but less than that of Denmark (90.3 pounds), England (93.5 pounds) and the United States (86.04) pounds.

Swedish consumption of tobacco has more than doubled since 1916. In 1919, 75,000,000 more cigars and 437,000,000 more cigarettes were manufactured than in 1918. The market for the more expensive brands of cigars and cigarettes is growing steadily, necessitating large quantities from the United States and England. New factories are being built which will greatly increase the output of the monopoly, and it is believed that by the end of 1920 this equipment will be able to supply all of Sweden's demand.

Workers Coming to Canada

With Natural Resources and Plenty of Capital a Population is also Necessary for Development—The Spring Rush of Immigration is Promising.

By B. K. SANDWELL

Developments of the last three months have effectually removed the chief source of uncertainty and concern in regard to the immediate economic feature of Canada. Far-sighted students have felt for the past two or three years that the one thing to be feared in the Dominion, as a result of the losses and burdens of the war, was a shortage of population. Great as is Canada's national debt, it is a bagatelle compared with the natural resources and potential productive capacity of the country. But resources and capacity are of no avail without men and women to labor upon them and develop them. There is, it is true, a third requirement in addition to resources and population, viz. capital; but it has been fairly evident for the past two years that capital would be forthcoming for Canada, to whatever extent it might be required to keep pace with the quantity of labor available for application to the country's natural resources. As to the possibility of securing new population, there has been a good deal more uncertainty.

The facts of the spring movement of immigration to Canada and to the United States are now visible, and they seem to show that the volume of such immigration will for some time be limited only by the capacity of the steamship companies for handling it. The facilities for inspecting and forwarding immigrants at the Atlantic ports, both of Canada and of the United States, are being taxed to their utmost capacity. The exact figures for the Canadian entries are not yet available, but the most casual glance at the traffic on the Montreal water-front, and in the great railway stations, is sufficient to show that the records of the old days of 1910 and 1913 are being equalled if not excelled. In New York it is stated that nine thousand immigrants reached the port in a single recent week, and the chief of the Ellis Island station gives it as his opinion that there would have been more, if there had been more ships to carry them.

Why the New World Looks Attractive.

Nor is this movement surprising when we consider how lightly this continent has been touched by the economic ruin and disturbance of the war. It is evident that to a very large part of the population of Europe the North American continent now appeals with a glamour which it did not possess even in the earliest and brightest days of economic progress in the United States, before men had begun to realize that even a new country could develop problems of its own. America is now the land of least disturbed economic and financial conditions, the land of sound and stable money, the land of moderate taxation, the land where political institutions seem to offer most prospect of stability and security. As such, this continent, and Canada in particular, seems to appeal with very great force to individuals of that sound intelligence and capable middle class which, in England, as well as in other European countries, has been so disproportionately handicapped in the struggle for the readjustment of war burdens. Members of this class, men and women of good education and strong character are seeking the Canadian West and British Columbia in large numbers. A decade or so ago, they would not perhaps have been welcomed quite so cordially; but a decade or so ago they would have been very different people, and much less desirable immigrants. The war has imparted to all of them a greatly increased power of adaptability, a

greater confidence in their own capacity to meet new conditions, a greater experience of the way in which new conditions have to be met.

Immigrants via the United States.

So far as the wave of immigration is directed towards the United States, it holds out almost as much prospect of ultimate benefit to Canada as if it came to our own country. The United States has reached a point of moderate saturation, in regard to population. It is an exporter of people, as well as an importer. The more new citizens it receives through its Eastern gateways, the more new citizens will it send to Canada across the imaginary boundary that runs through the Western prairies. It is not altogether a loss to Canada that the process of acclimatizing some of these new arrivals to the institutions and habits of thought of this continent should be partly performed by the neighboring republic.

Canadian Made "Aspirin"

If there is one pharmaceutical product more than another which has been brought to the front in every possible way, it is the German product "aspirin." This chemical acetylsalicylic acid, has attained such a remarkable consumption that there is a permanent world demand for it.

During the war, quantity production was established in Toronto, after some considerable experimental work, by the Chemical Products of Canada, Ltd. What was accomplished then was a distinct credit to the technical men who undertook to establish this particular industry here.

Generally speaking Canada did not find herself in a position where she could compete in world markets in many synthetic organic chemicals. In this particular line, however, we are observing at the present time one of the biggest undertakings which has been started in this country, and Canada bids fair to become one of the largest producers in the world of a product which was at one time a German monopoly.

Most of our munition plants have been torn down, but the Trenton plant of the Imperial Munition was sold and remained for the most part as the war left it. This plant, with its capacity for producing heavy acids, made an ideal location for large scale chemical operations. The Chemical Products of Canada, Ltd., having demonstrated that they could make certain chemicals and compete world markets, have undertaken to produce a world's supply of some of these at Trenton, Ont. With the technical and financial backing that is available, there is little doubt but that the organized Chemical Products, Limited, will, in a short time, be not only shipping to all foreign countries, but may even be commanding the market.

New chemical industries are among those that do not impress the average Canadian sufficiently. His lack of knowledge or achievement has made him unprogressive. This stage should have passed with the war. Canadian chemists were called upon to create "impossible" industries right in our own cities, and without fail they overcame all difficulties and supplied the allies with large quantities of necessary materials. This part of Canada's war record has never been widely written, but the fruits of it are very evident in the

Large Fuel Oil Company Forming.

According to recent advices from Sweden, a large Scandinavian company is being formed with branches in Sweden, Norway and Denmark to handle the importation and sale of petroleum products, especially fuel oils. Little detailed information is available but it is understood that the principal stockholders in the company are large shipowners and oil-using manufacturers.

In-so-far as Sweden is concerned, the plan is to erect tanks along the Swedish coast to supply oil-burning vessels plying the main shipping routes. It is reported also that a Swedish company with a capital of 8,000,000 kroner has been formed to build fuel oil bunkering stations for the supply of which preliminary arrangements have been made with American oil producers. Minor storing stations also are projected for local use in the fishery and other industries.

It is interesting to note that Swedish importation of petroleum products, especially from the United States, has increased on a large scale. The United States is the chief source of these products for Swedish usage. It is believed also that the coal fuel situation, together with the increasing use of motor cars, tractors and motor-driven machinery, will extend consumption of these products.

expanding chemical industries of the Dominion. With the new equipment and using well-tried processes, free from any patent entanglements, the Chemical Products Co. anticipate producing 1,080,000 lbs. of acetylsalicylic acid (aspirin) per annum. The world uses about 6,000,000 lbs. a year, with an apparently increasing demand.

The strategic value of a Canadian location for such an industry is apparent when the open American market (both North and South), is considered, as well as the British Empire and Eastern countries. China alone consumes 1,500,000 lbs. of aspirin per annum; Russia 1,000,000 lbs.

When the scientific method of development is been very few failures, and it should be with a followed from the laboratory to the plant, and then to expanded plant, there have distinct sense gratification that Canadians view the revived Trenton Munition Plant producing a chemical product in quantities sufficient to camouflage most spectacular chemical industries.

It is but a very short time since this same plant was producing commodities as injurious to German life as its new product will be to one of Germany most spectacular Chemical industries.

To think that Canada may become a contender in the world's markets for aspirin, with every chance of dominating the field, is certainly seeing things from a new angle. In fact, for those who understand its significance, it is indeed a sign that we are getting on.—From the Official Journal of Canadian Institute of Chemistry.

Hollinger Consolidated Gold Mines Limited. (No Personal Liability.)

DIVIDEND No. 73.

A dividend of 1 per cent upon the paid up capital stock of the Company has been declared payable on the 16th of June, 1920 on which date cheques will be mailed to shareholders of record at the close of business on the 4th of June, 1920.

Dated the 28th day of May, 1920.

D. A. DUNLOP,
Secretary.

Grasshopper Plague Threatens

**The Provincial Governments are Distributing Free Bait—
Conditions are Favorable for Checking the Insects—
School Children Watch and Report on
Developments Daily.**

By E. CORA HIND.

Winnipeg, June 1.—Since writing last week the much dreaded grasshopper have made their appearance, both in Manitoba and Saskatchewan, and the provincial governments of the two provinces are putting up a very strenuous fight. In Manitoba the provincial government is paying the total cost of all the ingredients for the bait necessary for poisoning the grasshoppers, and in Saskatchewan the government is buying all the supplies and they will be paid for, half by the province and half by the various municipalities. The most encouraging feature of the whole situation is the fact that everybody in the infected districts this year is alive to the trouble and are doing all they can to assist the governments.

There has been considerable windy weather and some complaints of the crop being damaged by the high wind and soil drifting, but within the past twenty-four hours a very good general rain has relieved the situation, and it is too early in the season for much permanent damage to have been done by the wind.

The rain, too, will be a very effective check on grasshoppers, as the young nymphs, at which stage the grasshopper are at the present time, can stand very little wet weather, and moreover, the vigorous growth of the crop within the last few days will also help in checking these pests as they are too small to work in heavy crop. Some idea of the extent to which the governments are prepared to combat the grasshopper trouble may be gained from the fact that the Manitoba government has shipped 9 cars of bran, 6 cars of sawdust, 30,000 pounds of molasses, a whole car of arsenic, some paris green and a car of lemons to Deloraine, which is practically the centre of the infected area in Manitoba. From this point these supplies are being distributed, while government field agents are supervising the mixing of the poison.

The government of Saskatchewan has purchased 50,000 gallons of molasses, 90 tons of white arsenic, 1000 tons of bran and two carloads of lemons, and these supplies have been placed at strategic points in the infected area. It will be understood that the preparation that the provincial governments are relying on is the famous Kansas mixture.

The school children are watching the roads and edges of the fields as they go to and from school and reporting any fresh developments, while large bodies of volunteers are out to spread the poison along the roadways and vacant lands. There is every reason to hope that in this way no serious or permanent damage to the crop will occur.

Apart from the appearance of the grasshopper the conditions are excellent and the season gives every promise of being a very favorable one. The growth of all vegetation during the past two weeks has been phenomenal. The outlook is for a very heavy crop of wild fruit also. The wild plum and wild cherry trees are one mass of bloom, in fact, it is many years since the fruit blossom has been as heavy as it is this year.

In spite of the high cost of seed, there will be very heavy planting of potatoes this year, as the outlook for a general world shortage indicates high prices. At present potatoes are \$4 a bushel in Winnipeg, and the amount seeded per acre

runs from 12 to 14 bushels, so that the investment is a fairly large one. While there has been no marked increase in market gardens in any of the western provinces, there has been a great increase in individual gardens, and possibly there is more land under cultivation in the small plot gardens this year than at any time during the war period.

Postal Employees Discontented.

There is much muttering and grumbling among postal employees and it is rumoured that a strike may be possible. Delay on the part of the Government in announcing the new classification for civil servants and uncertainty as to the amount of the salary increases is given as the chief cause of the trouble and unrest. The general public who have to deal with the service of postal employees, if asked opinion as to the value of the service being rendered, would undoubtedly put it very low. Never in the history of the writer has there been such well-founded complaints against the postal service as there is today. One of the reasons given for this is the very great number of changes which have taken and are taking place in the various postal staffs. If better salaries would ensure a more permanent and therefore better quality of service, increased pay might be a good investment.

The forthcoming election in Manitoba is occupying a good deal of attention. Nomination meetings are being held throughout the province and in many cases members are being re-nominated by large and enthusiastic conventions. There are, however, a surprising number of candidates offering who want to run on independent tickets, and only election day will tell who will get in. On the whole, the Norris Government, which is at present in power, have done very well. It inherited a serious legacy of debts and trouble from the previous administration, and that coupled with the war has made it hard sledding for any government. However, it is able to go to the country with a fair show of achievements and in no department is this more noticeable than that of the Department of Education, the Hon. Dr. Thornton having a record for progressive work in the five year's of occupation of the office which has never been attained by any minister of education before.

THE LIVESTOCK SITUATION

Livestock prices continue to soar. Receipts of really first class beef are limited. Today butcher steers reached the highest mark this season, with a few head sold for \$19 a cwt., with bulk selling from \$16 to \$18 on the Winnipeg market. Carcase beef has advanced from 5 to 15 cents a pound during the week, while the prevailing price for select hogs is \$22 per cwt. on the hoof, with a very limited offerings. As the season advances the shortage in the calf crop is beginning to be very noticeable and choice veal calves are \$18 a cwt. Practically the only foods that show any decline are eggs and butter. Eggs are going into domestic storage at 45 cents and 50 cents per doz. for amounts of from 10 to 30 dozen, while creamery butter can now be bought retail as low as 72 cents for No. 1 and 70 cents for No. 2. Flour is \$14.80 a barrel and rye flour \$13 a barrel

Potatoes retail at \$4 a bushel and are limited in supply and of a very poor quality.

Opinions on The Budget.

The Drayton budget continues to be one of the chief topics of conversation and there are almost as many opinions as there are people. There is a very general feeling, however, that the tax should be on the amount over and above the price at which the tax begins, that is, that the limit for boots, for example, is \$9, and the idea is that where boots are ten dollars, the tax should be collected on the additional dollar and not on the whole price. The fact is, that good serviceable boots fit for country wear can not be purchased as low as \$9 dollars at the present time, indeed, the quality of leather offered at \$9 is a very doubtful bargain. The retail merchants continue to hold meetings to discuss the matter and nobody at the present time just knows where they are at.

ENGLISH CHILDREN DID WELL IN AUSTRALIA

In 1909 some Oxford Undergraduates founded a farm school in Western Australia for the training of poor English boys under the healthiest and happiest conditions. The headmaster, Mr. Kingsley Fairbridge, is now in England, and his experience is worth nothing. He says that when the first party of these destitute English lads reached Australia, the comment was: "just the wrong class of child." They were typical slum children, and looked after their long sea journey anything but desirable. Two years later the comment is "Western Australia needs tens of thousands of children of this class." The change was wonderful. The boys had received the ordinary elementary education provided by the Government, and after school hours learned to look after their cottages, to make their beds, to keep themselves clean, to play football and cricket (which none of them knew when they went out), to swim, ride, and shoot, and a certain amount of the theory and practice of agriculture. Thus the boys were taught really to understand and therefore to enjoy their work. When they left the school not one of them went into the city. They all took up some form of farming. The children are not crowded together, nor is the society's money locked up in expensive buildings. It prefers to build wooden cottages, each of which holds ten children, boys and girls, with a house-mother.

Tobacco Market in Sweden.

The financial success of the Swedish Government tobacco monopoly as well as the growing demand for tobacco products in Sweden, indicate an increasing market there for American manufacturers and exporters. In spite of the fact that private importations to Sweden are subject to a fee amounting to 43 per cent on the gross retail price of the goods, these importations also have increased since the war.

On the other hand the American Consul at Goteborg reported recently that Americans could get a larger share of this business by further adapting themselves to Swedish desires and market requirements. The raw material or unmanufactured tobacco is largely supplied by the United States. In 1917 Sweden imported \$87,643 of tobacco leaf from America; in 1918 this had increased to \$357,137, and in 1919 to \$4,713,761.

Halifax shipyards have at present under construction two 8,300 1-ton ships, and two 10,000 vessels. One of the former is to be launched in June and will be the largest ship ever launched east of Montreal.

Views on the New Budget

Expressions of Opinion from various Members of the Retail Merchant's Association—Opinion of N. Y. Expert—Foresight in South East of Europe.

The Retail Merchants' Association of Canada has issued a composite expression of opinion concerning the proposed tax on sales. The Dominion executive of the Association did not feel that they could fairly express the opinion of their members and so they sent out a general letter of enquiry. Many opinions and resolutions have been received in reply and these, compiled so that opinions are not repeated is given herewith.

(1) In submitting this question for the consideration of the Retail Merchants throughout Canada, we find they all admit that the present system of taxation is too intricate, and in many cases complicated, and that it should be revised. They consider it is difficult to interpret and administer, and not at all equitable in the distribution of the burden of taxation, and that it is also discriminatory.

(2) We find the retail trade naturally divides itself into two classes:—The one class is comprised of those who have been paying Excess Profits War Tax, and who are among the larger Retail Merchants. The other class is comprised of those who do not pay an Excess Profits War Tax, and many of whom do not draw sufficient salary out of their business to be assessable by the Income Tax.

(3) It is generally admitted that there is no probability of any reduction in the amount of income necessary for the conduct of the Government. In fact, to liquidate our war debt and keep up the revenue of the Dominion, taxation must be raised. Some think that considerable thought should be given to an extension of the term in which war debts shall be paid, and that there is an obligation resting on the future generation to participate in the liquidation of the expense of the war, and that it would be advisable for the Government to adopt such a programme of payment as shall be bequeathed to future generations, who should feel it not only as a duty but a privilege to help to pay the same.

(4) It is thought that if an attempt is made to pay the war debt off too rapidly it will have a bad effect on the price of commodities and result in a condition of business demoralization. It is also thought that the War Profits Tax and some of the plans adopted for raising revenue have a large effect on the present constantly increasing rise in prices. The Department of Justice in the United States places this factor at 23.2 per cent. of the price of commodities; other experts estimated the same factor at 26.5 per cent.

(5) It is claimed that the price of commodities has been advanced to cover these taxes, and the very uncertainty arising from the insistent demand of all classes for increased earning to meet the advanced cost of living has compelled producers and manufacturers to allow a larger amount for safety in the selling price of their commodities than is necessary under normal conditions.

(6) Under our present system of taxation, the Government is depending for a large proportion of its revenue earned in industry and commerce. A period of severe financial depression would immediately result in a tremendous degree in the profits earned, a situation which would eliminate practically all the revenue now obtained from the Excessive Profits Tax, and would substantially lessen the amount derived from the normal tax.

If a depression should take place it would be more difficult to raise taxes than at the present time.

(7) With regard to the possibility of raising sufficient taxes through a tax on sales, owing to the fact that there is no compilation of figures on which can be based an accurate system, it would be impossible to determine what percentage should be applied to sales to produce a sufficient revenue to cover the needs of the Government.

If the tax is placed upon retail sales only, the amount of revenue to be derived would be uncertain. If the tax on sales is placed entirely upon the distributors it would be a discriminatory tax. If it is placed upon sales it should be placed upon all sales, including raw material manufactured, wholesale distribution, retail distribution in every form, and the collection of a tax on sales from the farming and market gardener classes who sell in public markets or from door to door, or who ship goods from one point in Canada to another by rail or water, and it would be difficult to ascertain the sales of the latter classes.

(9) If the tax is placed upon what is termed "luxuries", but which is not defined, and which would be a difficult thing to define, excepting the various articles were specified, it would be adding considerable to the cost of collection, and making a very complicated service.

(10) It is considered by many that tax on gross sales of retail merchants is wrong in principle owing to the varying profits in different classes, and because volume of trade has no direct relation to profits earned, and that any tax that is collected should be collected equitably and rest upon all alike.

(11) If a larger tax was placed upon producers, manufacturers and wholesalers only, and this tax was passed on by them to the retail trade, and the collection of this tax was confined to the producer, manufacturer and wholesaler, in our opinion, it could be collected very much more easily and at very much less cost than it would if the same rate of taxation was placed upon the manufacturer, producer, wholesaler and retailer, because the oftener this tax passes through the hands of these classes the larger it becomes for the ultimate consumer to pay.

(12) The population of Canada, being estimated at nine millions, and we might, in a very conservative way, say that it costs \$400 per head per annum for the purchase of the necessaries of life, this would result in the gross estimated retail sales of Canada being at the lowest calculation, \$3,600,000,000. If half-of-one per cent. was collected on this amount the Government would receive from retail sales alone \$18,000,000, or, at one per cent. \$36,000,000. If we take 25 per cent. of the retail sales as the estimate of the sales of raw products, we will have \$900,000,000. On this amount at one-half of one per cent. it would be \$4,500,000 or at one per cent would be \$9,000,000. Following the principle through on the consumption from raw material to manufacturer, from manufacturer to wholesaler, and wholesaler to retailer, it would produce about \$55 to \$65,000,000. The current issue of the CANADIAN CHARTERED ACCOUNTANT places Canadian production at \$5,316,000,000. It estimates that this figure is turned over three times between the manufacturer and the retailer, making a total for Canadian trade

of \$16,000,000,000, which, at the rate of one-half of one per cent. on the total turnover would be \$80,000,000, or at one per cent. \$160,000,000. As the Retail Merchants' sales would be very much larger than either the sales of the producer, manufacturer or wholesaler, they would be paying a larger tax.

If it is proposed to place a tax on luxuries and the tax is to be collected by the Retail Merchant from the customer, and paid over to the Government, we consider that such system of taxation would be very unjust. A very careful estimate would have to be made of what is considered to be luxuries, and every time that this tax is collected by the merchant from the customer, both the customer who pays the tax and the merchant who collects the tax, (the merchant being constituted a tax collector without pay), would be by no means strengthening public opinion with regard to the Government.

(14) Owing to the various percentages of profit peculiar to each line of trade, it has been pointed out that taxation on sales would be very unjust, as between the sales of a Piano and Music Dealer and between the sales of a Retail Grocer or Butcher. Cases have been shown where a volume of business has been done amounting to \$250,000 worth of groceries, and the profit has been shown to be less than \$2,500, with a tax of one per cent. on the sales of the grocer, his profit would be entirely wiped out, and he would be doing business at a loss.

(15) The only ideal system of taxation is a system whereby the taxes are collected as equitably as possible from all classes of the community at the least possible cost of collection.

(16) The only fair system of taxation is the one based upon the principle of ability to pay.

(17) In the case of any tax that is proposed to be collected upon sales, if the tax is to be collected by the retail merchant from the customer direct, it will be very difficult to place any sum on the small sales such as ice cream, cigars and goods of that character, and if exemptions are made on the sales of all goods under one dollar the commodities mentioned would be largely exempt, neither of which could be considered as necessaries of life, but would rather come under the class of luxuries, whereas meat, groceries, and other necessaries would be taxed.

(18) If a Business Profits War Tax should be still applied, consideration should be given to the fact that these business firms with small capitalization very often have to pay a much larger tax than a heavily capitalized business concern because of the watered stocks represented in the latter. The Business Profits War Tax is unjust because the greater portion of the profits shown by the merchants at the present time are represented in the increase of the price of stocks on hand, and are not actual profits made and realized.

(19) No discrimination should be made between those who have no money to pay the War Profits Tax, although having made large profits, and those whose profits are tied up in merchandise and who often are compelled to borrow sufficient funds to pay the tax.

(20) Where profits are represented in merchandise and not cash in hand or in the Bank, the tax should be reduced by the sum of 50 per cent., and where profits are shown as cash realized and in hand, or cash realized and invested outside the retail business full taxes should prevail.

(21) The basis of capitalization should be actual money paid in and actually reserved, and all inflated and watered stocks should be eliminated in considering the earnings for the year.

(22) Owing to the large amount of capital that is now required to conduct business to what was required before the war, the profits at the present time are entirely out of all proportion to the profits secured before the war.

(23) If a tax of one per cent. was placed upon the gross sales of sugar, binder twine, barbed wire, and other similar commodities, it would practically wipe out the present profit of the retailer and result in a severe loss.

(24) If it is proposed to place taxation on sales, it should apply to professional persons of all kinds, such as Doctors, Lawyers, Architects, Engineers, etc., otherwise they would be escaping and the retail merchant would have to pay the additional burden.

(25) The introduction of a tax on sales divides the community into two groups; those whose surplus in business exceeds \$25,000, and who pay a Business Profits War Tax, naturally want this tax removed, and they would favor a tax on sales. Those whose surplus in business does not reach \$25,000 and who pay no Business Profits War Tax naturally object to having an extra burden placed upon them, and as they are considerably in the majority their protest will likely be heard the loudest.

(26) A tax on sales creates another system of taxation, and the chief objection to it is that unless it covers all sales made by everyone, professional as well as commercial, it will be a discriminatory tax, especially if the tax rests on some and not on others. All exemptions from taxation are favors, and if exemptions are made now on incomes, what argument can be used against making exemptions up to a certain amount on sales?

(27) The advantage the Income Tax has over all other taxation is that it takes an amount from those who earn, while a tax on sales may be taking from those who do a large business but who make no profit, and consequently they would have to pay their tax out of their capital account.

(28) Under the Income Tax, each individual is taxed in proportion to his ability to pay. Under a system of taxation on sales, a man who enjoys an income of \$10,000 per year does not purchase five times the commodities at retail as would the man who had an income of \$2,000 per year; in fact, the former might not purchase any more goods at retail than the latter, in which event the man with the \$2,000 income would be paying as much of the increased tax as would the man with the \$10,000 income, that is, if the tax imposed is passed on to the public by the retail merchant.

(29) One of the difficulties with the collection of a tax on sales will be the elementary system of bookkeeping which is used by some merchants, and, in other cases, no books are kept whatsoever. They simply deposit their sales and pay out their accounts by cheque, and, in order that taxes could be properly collected under this system, it would necessitate in many instances the establishment of complete bookkeeping systems in every store.

(30) It is the prevailing opinion that any tax that is placed upon retail sales would be adding to the burden of the retailer, who, in turn, would be compelled to pass the tax on to the public, and this would increase rather than decrease the wrong impression that at present exists in the public mind with regard to the Retail Merchant being the cause of the high cost of living.

(31) A tax on sales could only be considered as a temporary financial expedient for raising revenue, and we believe the time has arrived when a system of taxation should be devised which will reach every member of the community on the basis of his ability to pay.

(32) We believe the amount of accounting work and collection involved in a tax on sales would be out of all proportion to the net revenue the Government would raise from this source, and that it would create an immense army of unpaid tax collectors for the Government.

(33) The one serious aspect in connection with a tax on sales, and especially if it is collected

by the Retail trade, would be the fact that a large number of goods pass through the hands of Producers, Producers' Brokers, Manufacturers, Manufacturers' Brokers, Wholesalers and Retailers. Every avenue through which the sales tax would pass would increase its size, and by the time it was handed to the consumer the Retail Merchant would receive the abuse, and the other classes who handed the tax down for the retail merchant to collect would not share in the public criticism.

(34) A tax on sales would draw a cleancut line between those who keep books honestly and those who keep books dishonestly, and the former would be paying for the latter.

(35) If a tax on sales is applied to the retail trade, the tax on gasoline would have to be absorbed by the retailer, and it would amount to more than 20 per cent. of his total profits, as the profit of gasoline now amounts to 7.9 per cent. This is true of a large number of other articles.

(36) At the present time the public blame the Retail Merchants more than they do any other class for the increased cost of living because they deal directly with the retail trade and do not understand the other processes through which merchandise has to pass before it reaches our hands. If any percentage of taxation is placed upon the sales of Retail Merchants it would have to come out of the customer, and if the proposed system of taxation will still further increase the cost of living the public will still further increase their antagonism toward the Retail Merchant.

New York Expert Opinion.

(37) Mr. Mark Eismer, former Deputy Collector of Internal Revenue of New York, in an interview stated, in referring to the collection of the Luxury Tax, that instance after instance has been cited of soda dispensers and others who have taken the Luxury Tax practically as a joke, who pay a few cents a day tax, representing such a small portion of their sales that it is really laughable, and yet owing to the complexity in the collection of this tax it is practically impossible to really bring an indictment or to sustain prosecution against one of these tax evaders.

He further states that a sales tax of any kind works a hardship upon the man who makes a small profit. For instance, if you take a man who is making a net profit of 10 per cent. on his business, and require him to pay a one per cent. tax, that one per cent. taken out will leave him a profit of 9 per cent., but if a man is making a net profit of only 5 per cent. on his business and is required to pay one per cent tax he will have remaining only a 4 per cent. profit, taking away from him in the one instance one-tenth of his net income, and in the other instance one-fifth. This condition will also have a tendency to cause merchants to make a higher percentage of profit in order to cover their charge.

Asked if this could be remedied by making the consumer pay a tax direct, Mr. Eismer said, "It would be practically impossible to so work a tax of this kind that it would be paid by the consumer direct. A tax of one per cent. on merchandise sold means only one cent on the dollar. There are very few sales that amount to just a dollar, or a fraction thereof. You are going to open up all sorts of avenues for beating the tax, as there will be no way of ascertaining the number of purchases made in a store during the day that would carry a tax, and a merchant would only bulk his tax charge in such a way that he would pay upon the money value of his sales, and not upon the actual taxable sales."

One of the complications, he said, might be as follows: A woman who went into a General or Departmental Store to buy from a number of Departments would feel that she should pay only upon the total amount of her purchases, but

she might buy \$2 worth of goods from five different departments in different parts of the store, and while she paid a tax on the entire transaction it would amount to only two cents. The number of purchases she would make might require her to pay perhaps three or four times that amount in taxes. In order to remedy this a transfer system would have to be involved, and this would require a great deal of work and expense on the part of the retail merchant.

The system of taxation on sales, continues Mr. Eismer, was tried in France. They called their tax the "Chiffre d'Affaires," or a tax on turnover. Before this tax was entered into, a large Commission was appointed to study the different business and to apply the tax rate properly. This Commission fixed rates under which the tax was levied for some time. However, this tax was not a success and in time it was abandoned. All Continental Europe has at one time or another tried this form of tax, and every country of Europe has abandoned it for some form of Income tax. It was abandoned owing to the difficulty they found in collecting it, and the impracticability of working it out.

In the United States, in the collection of the Luxury Tax, he says it has been found that not more than 50 per cent. of this tax that ought to go to the Government is actually collected. A system of taxation that would require the collection of small sums of taxes, and thousands upon thousands of Retail Merchants, many of whom keep no books, would require the employment of many more people in the Taxation Office, and these people would have to be of much less intelligent class than those now employed by the Treasury Department, as it would not be possible to pay expert accountants' salaries for work of this character.

(38) With regard to the Business Profits Tax on profits exceeding \$25,000 the following arguments are worthy of consideration:—

The Business Profits Tax is Unfair in That it Discriminates:

1. It applies only to concerns employing more than a specified capital; concerns of smaller capitalization escape.
2. It applies only to certain kinds of industrial undertakings; agricultural enterprise is exempt.
3. If the manufacturer has a bad year, he must bear the loss himself; if the following year is a good one, the Government takes the excess profit, refusing to allow any portion of it to be applied to even up on the loss previously sustained.
4. Large professional incomes are not affected; the business man who takes a risk and succeeds is taxed according to his success, while the professional man who takes no risk escapes everything but the Income Tax.

The Business Profits Tax Discourages Expansion:

1. By causing foreign capital to choose other countries for investment.
2. By driving Canadian capital to seek other countries for investment.
3. By curtailing profits, which are one of the main sources out of which plant extension can be provided for.
4. By removing the only incentive which would justify the taking of further risks.

Its Renewal is Inadvisable in the National Interests:

1. Because it discourages greater production, as shown above.
2. Because it is in reality a fine on efficiency.

Outstanding Examples (Each typical of many in same Class):

X is a steamship company operating from Canadian ports under Canadian register. Of the fleet, Y boats have already been

(Continued on Next Page)

Scotsmen Entering Our Banks Again

There is something which naturally connects Scotsmen with finance. Their canniness in judging investments, their general steadiness of habit and the accuracy born of the sterling training which they received in the schools of the Old Country fits them admirably for banking service.

Not very long ago the failure of a well-known banker, who had risen to some eminence, was under discussion. "He was a promoter, rather than a banker," said a man who knew him well. "The chief attribute of a banker is the ability to weigh possibilities without allowing any sentimental consideration to affect his judgment. He must be courteous and keen after business but withal retain that reserve of manner which one naturally associates with the men to whom we entrust

our money. He must be conservative, but fair and willing to assist where circumstances warrant."

Before the war, young men who had been trained as accountants in Scotland came to Canada in large numbers. They made admirable bank-clerks, and many of them have risen to the higher positions on bank staffs. With the war, not only was the supply cut off, but a very large percentage entered the army at the very beginning, leaving their positions to men who had not been so well trained. These have returned to a large extent, but until recently there has been no indication that new recruits for the banking service were coming over. It is therefore an item of great importance, in a Toronto daily of last week, that twenty young Scotsmen have arrived to take positions with the Dominion Bank of that city.

Confident the United States is Panic-Proof

Confidence that the currency and banking system of the United States has made the country "panic-proof" under wise financial leadership is expressed by the National Bank of Commerce in New York in an article bearing the title, "The Normal Business Cycle," in the June number of its magazine, Commerce Monthly. The Federal reserve system, the bank says, has been devised to make panics impossible in the future, and there is reason to expect that we shall not see in this country such demoralization and chaos in the money market again as the years 1893 or 1907 witnessed.

"No currency or banking system can avoid the recurrence of crises in the sense of liquidation periods, or periods of readjustment, but we have strong grounds for confidence that, under wise financial leadership, our currency and banking system has made up panic-proof," the bank states.

Periods of reaction and liquidation, unless too violent and prolonged, are wholesome rather than harmful, the bank says. It explains that such crises are merely phases of the general rhythmic movement in business. It differentiates, however, between crisis and panics, defining a crisis as "an affair of the money market." It declares that sound bank policy can and does prevent crises from degenerating into panics.

"As our understanding of crises has increased," the bank states, "we have come to substitute for the notion of 'business cycle' and to recognize that this crisis is merely a phase of the general rhythmic movement in business—crisis followed by depression, depression by prosperity, prosperity by crisis again, and so on. There is good reason for believing, too, that with better understanding of the business cycle we are gaining better control of it, that the period of prosperity can be lengthened, that the crisis can be made less severe and that the period of depression can be shortened. If we can minimize the extravagance and mistakes of the prosperity period we can make the reaction from it less severe. This relates to the normal crisis.

Great disasters, such as a world war, will bring derangement under any system imaginable. Natural disasters—earthquakes, fires, tidal waves crop failures and the like—striking at great and rich centres of population, may bring unexpected business and financial shocks. But the normal crisis which brings every prosperity period to a close can ultimately be reduced to a relatively painless process of readjustment.

"Crises come when active business men find that their creditors, whether banks or investors or other business men, begin to insist upon a con-

traction of credit and a liquidation of debts. A crisis means the end of a boom period, the inauguration of a period of slow business and depression accompanied by a settling up of debts and a readjustment of prices"

"Periods of reaction and liquidation," according to Commerce Monthly, "relieve maladjustment and strain. They prevent unsound policies from being carried too far. They give time for the maturing of new plans and for the careful introduction of new processes. They check wastes and restore efficiency. They allay financial fevers. They need mitigation and control—but progressively we we are learning to mitigate and control them."

"When the banking and currency system is sound and elastic it is almost always possible to prevent a crisis from degenerating into a panic," the bank continues. "It is no part of the duty of the banks in a crisis period, to force by artificial methods a continuance of waning prosperity. Banks will rather seek to persuade their strongest customers to curtail borrowings in the interests of the general situation, and may even seek to persuade their strongest customers to make loans to help relieve the situation. But banks will lend freely to enable solvent firms to meet their quick liabilities. It is their business to assist solvent firms to mobilize slow assets, but it is not their business to validate bad assets of insolvent firms."

The recent proposal for "stabilizing the dollar" by withdrawing gold coins from circulation and substituting for them gold certificates redeemable in a varying amount of gold has many defects, the article says. It points out that had such a method been in operation in 1893 and in 1907 it would have led to foreign drains on our gold.

"The most important proposal that has yet been made for the mitigation of the extremes of the business cycle," the bank says, "is that the various grades of government, federal, state and municipal, together with large corporations like the railroads, should adopt a buying policy designed to throw as many of their purchases as possible into the period of depression and to withdraw from the market in considerable measure at the height of the period of prosperity"

Views on the New Budget.

(Continued from Page 11).

transferred to the register of a country having no Excess Profits Tax.

x is a shoe industry. Orders offered are in excess of the Company's capacity, and early in 1919 full preparations were made for extension of plant, including purchase

of site, preparations of architects' plans and arrangements for financing building. Immediately upon renewal of Business Profits Tax all extension was dropped.

x is a leather tannery. Total output is easily sold and export orders are being refused. Company is in a position to expand and intends doing so immediately. Business Profits Tax is dropped, but not before.

x is a steel establishment. Plant not quite completed and all work stopped pending a decision on the part of the Government as to the renewal of Business Profits Tax.

(39) There should be, as far as possible, one system of taxation applicable to every one, and if the amount that is required by the Government is not sufficient, the most simple way of increasing the revenue would be to increase the rate on the Income Tax, but confine taxation to one system, which would apply to all, and see that it is collected. It is having a large number of different systems of taxation that causes confusion and helps to multiply the cost of collection. We refer especially to the cumbersome and expensive system of endeavoring to collect taxation by having Retail Merchants place war stumps on patent medicines, and thus placing a fine of \$50 on any Merchant who neglects to attach them. This expensive and unfair system has created a host of enemies for the Government, and it has created a system of "spies" among the officials who personally benefit by the operation.

(40) It is stated by some that the most equitable system of collecting taxes which are required to pay off the war debt would be for the Dominion Government to place an estimated amount upon every municipality, both rural and urban, throughout Canada, and have this amount collected through the ordinary channels of the municipal tax collectors, and have them pass this amount on either to the Provincial Governments, to be forwarded to the Dominion Government, or directly to the Dominion Government. In this way, very few persons as well as property, would escape their fair share of the payment of the same.

We realize, as citizens of Canada, that it is absolutely necessary that everything possible should be done to see that Canada is placed in a position to meet the obligations created by the war, and to carry out the expenses necessary for the proper Government of Canada. We realize, further, the great difficulty that any one or two persons, or more, would have in attempting to decide what system of taxation would be most equitable to raise the necessary amount of money required.

We believe the chief difficulty at the present time that has to be overcome by those in authority, and to whom we look to devise some fair system of taxation, is the overcoming of the impression that appears to be on the public mind that a great many persons who should pay their share of the debt are avoiding it. All interested in the development of Canada should pay their share willingly, and we believe they would do so if they felt that the system under which they were being taxed was equitable and just. In order that such a system may be brought about, and the present system improved, we would suggest that a conference be held of those representing the various interests in Canada, with the object of recommending to the Government, after consultation and after hearing the conditions of the various classes, some fair system, and this would help to spread a knowledge of taxation that, unfortunately, very few possess at the present time.—Compiled and submitted by the Dominion Executive Council of the Retail Merchants' Association of Canada.

Banks, Bankers and Banking

Bank Reserve Ratio Below 22%

April showed a Large Expansion of Current Loans, which are now 218 Millions Above the November Figure.

The latest Canadian bank return, dated April 30th, does not contain any indication of that process of contraction of credits which is now regarded as so highly desirable. It is, in fact, a record of a month of continued, though moderated expansion. The ratio of reserve to liabilities, which was worked up to 22 per cent. in March, was reduced to 21.9 per cent., and the reduction in the supplementary reserves was even more striking. The total volume of loans of all classes was increased during the month by 41 millions of dollars, of which amount 14 millions was produced by increasing the liabilities, and twenty millions by withdrawing from the supplementary reserve. The only consolation is that April is a season of expanding loans in almost any year, owing to the large volume of work which is undertaken upon the breaking-up of winter. Thus, the municipalities alone took ten million dollars of Bank funds to carry on their summer programme of public works, and their whole borrowings are now over 72 millions as compared with 46 millions at the end of January. The rapidity with which current loans have expanded since the Banks were freed from the weight of their mass of Dominion securities in December is really remarkable, no less than 218 million dollars having been thus advanced to borrowers of various kinds.

The Available Reserves is practically unchanged in amount, and very little changed in form. The Supplementary Reserve shows large reductions in the holdings of municipal and Government securities. It is quite possible that the process of curtailment of Loans will not become visible in the monthly returns for two or three months more, for at that season of the year the Banks will be doing well if they can keep their loans stationary by cutting out a sufficient amount of accommodation to speculative or luxury-making enterprises, to make up for the funds which they will have to supply to the productive business of the summer.

It is somewhat curious that so large a growth in Current loans should go hand-in-hand with a reduction of five millions in demand deposits; the new loans themselves must have produced a considerable amount of demand deposits, and we are left to suppose that has been offset by a continuous process of transfer of certain deposits from the demand to the notice column. The item of Cheques in Transit, which is a good indication of business activity, showed no appreciable change during the month. The following table will give a bird's-eye view of the changes which have occurred in the conditions of the banks since the flotation of the last Victory Loan. (000's omitted):

A deaf and dumb institution will be erected at Tuxedo Park at a cost of \$700,000.

PROFESSIONAL.
THE SOCIETY FOR THE ADVANCEMENT OF INSTRUCTION IN THE LANGUAGES. — Instruction in the Languages and Mathematics. No. 91 Mance Street, or telephone East 7302 and ask for Mr. E. KAY.

DEPOSITS	April 30	March 30	Jan. 31	Nov. 29
	\$	\$	\$	\$
Dominion Government	261,044	262,341	224,598	350,381
Provincial Governments	19,178	17,828	20,276	17,625
Public Demand	652,919	657,412	621,408	728,658
Public Notice	1,209,574	1,197,720	1,163,297	1,137,858
Elsewhere	327,235	318,278	285,204	259,047
Foreign Banks	38,020	38,766	37,609	29,203
Total Deposits	2,507,970	2,492,345	2,352,392	2,522,772
Note Circulation	223,388	225,770	216,692	237,547
Bills Payable	6,977	7,558	8,288	6,679
Gross Liabilities	2,738,335	2,725,673	2,577,372	2,766,998
Less:				
Notes other Banks	37,994	37,493	33,797	33,952
Cheques	129,934	129,794	105,705	128,119
Circ. covered in C. G. R.	104,121	106,516	97,466	118,385
Total Deduction	272,049	273,803	236,968	280,456
Net Liabilities	2,466,286	2,451,870	2,340,404	2,486,542
		AVAILABLE RESERVE		
Surplus in C. G. R.	4,529	1,684	5,734	7,615
Specie	83,348	79,991	80,896	83,752
Dominion Notes	181,809	184,153	181,018	178,881
Call Loans Abroad	206,229	205,202	170,207	169,627
Net Foreign Balance	63,685	69,319	70,841	70,462
Total	539,600	540,349	508,696	510,337
Ration of Reserve to Liab.	21.9 p.c.	22.0 p.c.	21.7 p.c.	20.5 p.c.
		SUPPLEMENTARY RESERVE		
Canadian Government Securities	118,417	126,609	127,087	336,856
Municipal, etc. do.	214,768	223,710	249,414	253,342
Railway, etc., do.	50,778	50,970	51,548	54,327
Call in Canada	125,645	128,233	132,015	121,754
Total	509,608	529,522	560,064	766,279
		LOANS		
Current in Canada	1,347,238	1,322,267	1,226,963	1,189,409
Current Abroad	185,085	183,643	182,533	149,302
Prov. Governments	18,768	13,585	11,271	13,815
Municipal	72,281	62,993	46,147	52,703
Overdue	4,056	4,083	4,847	4,061
Total	1,627,428	1,586,571	1,471,761	1,409,290

The city council of Windsor, Ont., has purchased 100 lots on which it will begin at once the construction of homes to help solve the local housing problem.

A number of Canadian cities are soon to be visited by a deputation of twenty prominent British merchants who will make a six-weeks' study of trade methods in department stores of this continent. They are all members of the Drapers' Chamber of Trade, of the United Kingdom.

LLOYDS BANK LIMITED.

HEAD OFFICE: 71, LOMBARD ST., LONDON, E. C. 3.

CAPITAL SUBSCRIBED	£56,150,350
CAPITAL PAID UP	8,984,056
RESERVE FUND	9,071,250
DEPOSITS, &c.	309,328,800
ADVANCES, &c.	92,784,877

THIS BANK HAS OVER 1,400 OFFICES IN ENGLAND AND WALES.
Colonial and Foreign Department: 17, CORNHILL, LONDON, E. C. 3. London Agency of the IMPERIAL BANK OF CANADA.
The Agency of Foreign and Colonial Banks is undertaken.

Affiliated Banks:
THE NATIONAL BANK OF SCOTLAND, LTD. THE LONDON AND RIVER PLATE BANK, LTD.
Auxiliary:
LLOYDS AND NATIONAL PROVINCIAL FOREIGN BANK LIMITED.



ESTABLISHED 1872

Bank of Hamilton

Head Office: HAMILTON

Capital Authorized 5,000,000
 Capital Paid Up (Jan. 31, 1920) 3,999,970.00
 Reserve & Undivided Profits
 (Jan. 31, 1920) 4,085,099.00

Sending Money Abroad

If you wish to send money abroad, purchase a draft from the Canadian Bank of Commerce. It is the safest method and the cost is small. Should the money be required at once we shall be pleased to arrange the matter by cable.

THE CANADIAN BANK OF COMMERCE

OVER 500 BRANCHES.

PAID-UP CAPITAL	- - -	\$15,000,000
RESERVE FUND	- - -	\$15,000,000

The Royal Bank of Canada

Incorporated 1869.

Capital Paid up.....	\$ 17,000,000
Reserve Funds	\$18,000,000
Total Assets	\$550,000,000

HEAD OFFICE: MONTREAL.
 SIR HERBERT S. HOLT, President.
 E. L. PEASE, Vice-President and Man. Director.
 C. E. NEILL, General Manager.

670 Branches in CANADA, NEWFOUNDLAND, CUBA, PORTO RICO, DOMINICAN REPUBLIC, COSTA RICA, VENEZUELA, HAITI, COLOMBIA, BRITISH WEST INDIES, FRENCH WEST INDIES, ARGENTINE, BRAZIL and URUGUAY.
 SPAIN, Barcelona—Plaza de Cataluna, 6
 PARIS AUXILIARY—28 Rue du Quatre Septembre.
 LONDON, Eng. NEW YORK
 Princes Street, E.C. 68 William Street.
 SAVINGS DEPARTMENT at all Branches

Business Founded 1795

American Bank Note Company

Incorporated by Act of the Parliament of Canada

ENGRAVERS AND PRINTERS
 BANK NOTES AND CHEQUES
 CORPORATION BONDS
 STOCK CERTIFICATES
 MUNICIPAL DEBENTURES
 and other MONETARY DOCUMENTS.
 Head Office and Works: OTTAWA.

Branches:—
 MONTREAL, Bank of Ottawa Building.
 TORONTO, 19 Melinda Street.
 WINNIPEG, Union Bank Building

Banks, Bankers and Banking

Bank Appeals to the Women

In looking around for somebody to put a sudden and drastic stop to the spree of wild money spending which just now is disturbing the United States the American Exchange National Bank picks the women of the United States as its candidate. "The revival of the habit of saving in this country depends on the co-operation extended to the movement by the women," declares the bank in its June circular. "They are the custodians of the average household funds and to the extent of its dependence upon savings for progress the arbiters of the nation's destiny. The women alone can win the country back to the habit of saving and bring its potential resources into action. Theirs is the responsibility.

"We are steadily face to face with a crisis in the affairs of the country that is due almost wholly to our failure to put aside something from our income for 'depreciation and improvement.' Ever since the country emerged from the shadow of the war, it has appeared to be reckless of everything pertaining to the future and intent alone upon shaking off the spiritual depression the war placed upon it. The period has been one of fitful production and feverish consumption, in which there was no effort made to keep the machinery of production oiled or in repair. The money that should have been laid aside as an offset to the depreciation of the productive equipment of the country and for the purpose of extensions and betterments intended to further increase production and ease human labor was spent for gimcracks, silk shirts, high priced millinery, furs, automobiles and a thousand and one things that contributed practically nothing to the people and very little to the joy of life.

"Perhaps, if we look upon it as a reaction from the nervous condition induced by the war, the spree was justified. But it cannot go on, unless we are ready to join the revolutionists and turn back into the wilderness and allow to decay everything civilization has evolved. We cannot go on allowing luxury industries to absorb the surplus of the country, for shortly we shall lack the tools with which to produce the things to exchange for the luxuries, and then there will be an end of luxuries and everything else. The road of profligacy ends in a desert. High prices, inflation and all that have nothing to do with saving. It is just as important to save ten dollars out of a hundred as it is to save ten cents out of a dollar.

The ratio is exactly the same, and there have been times in the world when ten cents would paint just as much of a roof as ten dollars will paint to-day. In one respect it is better to save ten dollars than to save ten cents out of a dollar, even when the ten cents is relatively as valuable in purchasing power, for there is a greater probability that the purchasing power of ten dollars will materially increase.

"The man or woman who saves ten dollars out of a hundred now will later be able to command two or three times as much for it as it commands to-day. Ten per cent saved out of the income of the average man or woman today is worth several times all the sayings that accrue from the profits of industry. In the first place, after the government collects taxes, the average corporation has very little to add to the surplus, and after the very rich man has invested this surplus in tax exempt securities, he has nothing to give or lend. The average man or woman must do the saving. The aggregate of the average income represents about 75 per cent of the total income of the country, and ten per cent saved from it would exceed several times the savings of the rich which ordinarily provide the money for depreciation and extension."

Now More Than 400
 Branches in Canada


Constantly enlarging our sphere of influence that we may extend to you—our customers—the fullest banking accommodations, we have made notable additions to our branch bank system in Canada during this year.

We have more than 400 branches and continue to grow.

Assets Exceed \$174,000,000

Union Bank of Canada

ESTABLISHED 1832

Paid-Up Capital		Reserve Fund
\$9,700,000		and Undivided Profits over
		\$18,000,000

TOTAL ASSETS OVER \$220,000,000

The strong position of the Bank of Nova Scotia not only assures the safety of funds left on deposit with the Bank but also places it in a position where it can readily care for any legitimate business needs of its customers. We invite business of every description.

THE BANK OF NOVA SCOTIA

Banks, Bankers and Banking

Merchants Bank in Strong Position

The Merchants Bank of Canada has the unique record of having made two new large stock issues since the close of the war. The annual statement for the year ending April 30th, covers a period during which 1,400,000 was added to the paid-up capital at a price of 150. Since the close of the fiscal year, another \$2,100,000 has been issued, but is now in process of payment at the same price. A remarkable feature of the annual statement is the fact that in spite of the large size of the stock issue made during the year, the ratio of capital to assets was almost unchanged; the capital was increased by 20 per cent. and the assets by about 19 per cent.

The noteworthy feature of the growth during the year are the expansion of interest-bearing deposits, which rose twenty-two million dollars, and the corresponding growth in current loans, which increased twenty-one million dollars. In spite of this, the liquid assets are still large,

and stand at about 40 per cent. of public liabilities. From the shareholders' standpoint, the year was a highly satisfactory one, as may be seen in the following profit and loss statement, in which no account is taken of the \$700,000 produced by the premium on the new stock issue, and added to the Rest Fund.

PROFIT AND LOSS.		
	1920	1919
	\$	\$
Net Profit	1,686,156	1,383,569
War Tax	81,139	70,000
Pension Fund	- 50,000	50,000
Donations		22,500
Leaving	1,555,017	1,241,069
Dividends	1,068,286	805,000
Rest Fund	700,000	
Premises	100,000	300,000
Year's Balance	313,269	136,069
Previous Balance	574,043	437,974
Balance Forward	260,774	574,043

Bigger Sugar Crop.

Sweden is counting this year upon a record sugar crop. The industry has always been very profitable, but according to present high prices of sugar the income from this source promises this year to be the greatest in her history. In normal times the area under cultivation has varied from 61,800 to 66,700 acres. The annual production of beets has reached 1,100,000 tons.

At the beginning of the war the Government discouraged the raising of beets and urged the farmers instead to grow wheat and potatoes which were in greater demand. Present prices, however, make beet sugar growing extremely profitable and a larger acreage has been planted. It is estimated that fully one-third more land, or 20,000 acres, has been planted with beets than ever before.

The Dominion Bank

160 St. James St.

Careful attention is given to Foreign Exchange Business, Cable and Mail Transfers, Drafts and Letters of Credit issued. A General Banking Business transacted.

N. S. BOGERT,
Manager.

THE MERCHANTS BANK OF CANADA

Head Office: Montreal. Established 1864.

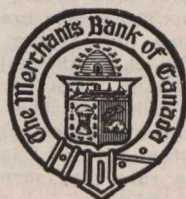
Capital Paid-up	\$ 8,400,000
Reserve Fund & Undivided Profits	8,660,774
Total Deposits (April 30, 1920)	163,000,000
Total Assets (April 30, 1920)	197,000,000

President: Sir H. Montagu Allan, C.V.O.

Vice-President: K. W. Blackwell.

General Manager: D. C. Macarow.

Supt. of Branches and Chief Inspector: T. E. Merrett.



Draw on Your Customers

through the Merchants Bank. With Branches in all parts of Canada and correspondents abroad, this Bank is in a position to present Drafts promptly, have them accepted, and collect payment, with the least possible trouble and cause to you.

391 BRANCHES IN CANADA EXTENDING FROM THE ATLANTIC TO THE PACIFIC.

THE MOLSONS BANK

Incorporated 1855.

Capital and Reserve \$9,000,000.00

Over 120 Branches.

BANKING ABROAD

Exporters secure from us excellent service for their operations in Europe or elsewhere.

Our Correspondents in Great Britain and on the continent are as follows:

England.—London County Westminster & Paris Bank Limited.

Ireland.—Munster-Leinster Bank, Limited.

France.—Societe Generale.

Belgium.—La Banque d'Anvers.

EDWARD C. PRATT,
General Manager.



WATCH YOUR TAX PAYMENTS

Enter the particulars of your Tax payments amounts and when due, in the page provided in the Home Bank's Thrift Account Book. The details will then be in a concise form for ready reference and the dates of payment will not be overlooked. Ask for a copy of the Thrift Account Book at any branch of the Home Bank.

The Home Bank of Canada

Branches and Connections Throughout Canada

Transportation Bldg. 120 St. James Street

2111 Ontario St. East Cor. Davidson Street

1318 Wellington Street, Verdun



LEARN TO SAVE.—
Every man, woman and child can save.

Every one should save. Every ambitious person does save. The Savings Department of the Standard Bank of Canada affords every facility for aiding you to save.

291

THE STANDARD BANK OF CANADA

MONTREAL BRANCH

136 ST. JAMES STREET

E. C. GREEN, - - MANAGER

Solid Growth

Up-to-date business methods, backed by an unbroken record of fair-dealing with its policyholders, have achieved for the Sun Life of Canada a phenomenal growth.

Assurances in Force have more than doubled in the past seven years, and have more than trebled in the past eleven years.

To-day they exceed by far those of any Canadian life assurance company.

**SUN LIFE ASSURANCE
COMPANY OF CANADA
HEAD OFFICE - MONTREAL**

LONDON AND SCOTTISH Assurance Corporation Limited.

Established 1862.
For All Classes of Life Assurance.

SCOTTISH METROPOLITAN Assurance Company, Limited.

For insurances against Fire, Accident, & Sickness; Guarantee Bonds; Elevator, Automobiles, Public and Teams, and Employers' Liability.

HEAD OFFICES FOR CANADA:
London & Scottish Building,
164 St. James St., Montreal.
TOTAL ASSETS EXCEED . . . \$25,500,000
Manager for Canada: ALEX R. BISSETT.

STRIDING AHEAD.

These are wonderful days for life insurance salesmen, particularly, North American Life men. Our representatives are placing unprecedented amounts of new business. All 1919 records are being smashed.

"Solid as the Continent" policies, coupled with splendid dividends and the great enthusiasm of all our representatives tell you why.

Get in line for success in underwriting. A North American Life contract is your opening. Write us for full particulars.

Address E. J. Harvey, Supervisor of Agencies.

NORTH AMERICAN LIFE ASSURANCE COMPANY

"Solid as the Continent"
HEAD OFFICE - TORONTO, ONT.

Commercial Union Assurance Company Limited

OF LONDON, ENGLAND.

The largest general Insurance Company in the World.

Capital Fully Subscribed	\$14,750,000
Capital Paid Up	4,425,000
Life Fund & Special Trust Funds	75,578,630
Total Annual Income Exceeds . . .	64,000,000
Total Funds Exceed	172,000,000
Total Fire Losses Paid	215,897,380
Deposit with Dominion Government (as at 31st Dec., 1918) . . .	1,401,333

Head Office, Canadian Branch:
Commercial Union Bldgs., 232-236 St. James Street, Montreal, Que.

Applications for Agencies solicited in unrepresented districts.
W. J. Jopling, Manager Canadian Branch.

Serious Shortage of Tin Cans

The effect of labor trouble in the United States is always felt in Canada; sometimes this only comes to notice after several months have elapsed. Just at present there is a serious shortage of tin cans. The bottom of the trouble is said to be with the switchmen's strike in the United States. Tinplate supplies have become so diminished that manufacturers of cans have been curtailing their output and last week in New York it was announced that a number of plants would have to close down.

In Montreal, Clark's state that with some difficulty they have been able to secure cans for their products, but that the supply is becoming increasingly difficult to get. The price of cans,

it is stated, has remained almost stationary for a year, any rise made has been accountable for by increased wages to employees and not by increased price of the materials.

Mr. F. Whittal of the A. R. Whittal Can Company states that they are only able to take care of their regular customers but that the prospects are now a little brighter. There is, however, a great deal of work to be made up. In the fall when canners of fruit and vegetables start operations the demand is always exceptional. During the last two months the output of cans has been only 20 per cent of the normal amount for this time and this shortage will have to be made up to meet the fall demand.

Foresight in the South-East of Europe

"The determination of Great Britain to extend her control in all world markets leading to the East" is evidenced by the plans of her bankers to rehabilitate the industries of south-eastern Europe, according to a statement of the Guaranty Trust Company, of New York, in the latest issue of its fortnightly trade review, "American Goods and Foreign Markets." It adds that "with the world suffering from under-production, and at the same time from the enforced idleness of factories throughout Europe, the British method of setting the machinery in motion is not only constructive and far-sighted but of world-wide significance."

The group of British bankers who are to undertake this is to be known as the Anglo-Danubian Association, its purpose being "to furnish the raw materials which these countries need under an arrangement which will insure their transformation into finished goods in the least possible time, thus

shortening the term of necessary credit extensions."

"It is in grappling boldly with problems such as those raised by the dismemberment of Austria," says the Guaranty Trust Company, of New York, "that British ability to organize foreign trade stands pre-eminent. The initial capital to be employed is not great, but the method is sound. Moreover, it is applicable not only to territories formerly Austrian, but to all parts of the world temporarily prostrate. It amounts in essence to shipping raw material to any point where manufacturing facilities are lying idle, retaining full control of the raw material through each stage of transformation, and deducting from the final sale price of the article a sum which might aptly be called a manufacturing commission, payable to the factories that have assisted in the work."

J. P. Morgan and Co. and the Guaranty Trust Company of New York, fiscal agents of the Belgian Government announced that arrangements have been completed for a new loan to Belgium, the proceeds of which will be used to liquidate the \$50,000,000 acceptance credit to that country which matures this month.

Under these arrangements the bankers offered for subscription on June 2 a \$50,000,000 issue of twenty-five year 7½ per cent. sinking fund bonds at 97¼ and interest. These bonds will be dated June 1, 1920, and will be payable in gold at the rate of 115 per cent. of the principal sum on or before June 1, 1945. By the terms of the loan contract, Belgium agrees to pay to the Sinking Fund Trustees in New York not less than \$2,300,000 in United States gold coin on or before March 10, 1921, and the same amount each year thereafter until 1945. These annual payments will be applied to the redemption by lot of not less than \$2,000,000 of the bonds at 115 and accrued interest. Through the operation of this sinking fund the entire issue will be retired by maturity at 115 per cent. The Belgian Government has also covenanted that if it issues in the future by public subscription any loans with a lien on any specific revenue or asset of the Kingdom, this present loan shall be secured ratably with it.

The yield on the bonds at the purchase price of 97¼ and accrued interest ranges from 24.89 per cent. on bonds called June 1, 1921, to 7.95 per cent. on bonds called June 1, 1945.

It is pointed out that the 3 per cent. Perpetual Bonds of Belgium sold in Brussels during the years 1901-1907 at prices which yielded not more than 3.15 per cent. In the years 1908-1912 they sold to yield not more than 4 per cent., and at the present time are selling in Brussels to yield approximately 4.90 per cent.

1870 OUR GOLDEN JUBILEE 1920

NEW BUSINESS RECORD OF THE MUTUAL.

The popularity of the Mutual Life of Canada with the insuring public is being demonstrated in the amazing amount of New assurances issued. The first four months of 1920 indicated an increase of no less than 46 per cent over the amount of insurance underwritten in the corresponding period of 1919. Insurance is in greater demand today than it has ever been before in the history of the world. The people are impressed with the importance of securing life insurance and naturally their thoughts turn to the mutual of Canada. The life agent is fortunate to-day owing to the increasing demand for insurance, and especially if he represents the Mutual Life of Canada which is expanding at a rate that surprises even its most optimistic friends.

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WATERLOO ONTARIO.

Reviews of the Newest Books

by H. S. ROSS.

SOCIALISM AND AMERICAN IDEALS.—William Star Myers, Ph.D. Professor of Politics, Princeton University Press, Princeton, N.Y. Price, \$1.

These essays originally appeared in the form of articles contributed to the daily New York Journal of Commerce and Commercial Bulletin.

The author, whilst intending this as an exhaustive study of the widespread movement to advance paternalism in Government, gives his reasons for thinking that Socialism is in theory and practice absolutely opposed and contrary to the principles of Americanism, of democracy, and even of the Christian—Jewish religion itself.

It is pointed out that the political and economic elements were just as strong as the religious one in the Protestant Reformation in Germany, but that fact did not lessen the value of the gains for intellectual and religious freedom won by Luther. Also bad economic conditions had as much to do with the French Revolution as did political and philosophical unrest. Also, taxation, trade and currency squabbles had more to do with causing an American Revolution than did the idealistic principles later enunciated in the Declaration of Independence. And the author holds that there was a broad economic basis for the differences in crops, transportation and organization of labor, which expressed themselves in a sectionalism which finally assured the political aspect which caused the Civil War.

At this point we are warned we must not, however, forget the spiritual element in our life—"who would overlook the fact that man is a human being and not a mere animal, will wander far astray into unreal by paths of crass materialism.

Dr. Myers expresses surprise that socialists are

busily occupied with pointing out what they consider to be the failure of government, as well as of "business and capitalism," yet they "do not realize that they are thus condemning their own system, for if the governments of the world have failed to do the work at present laid upon them how can they ever undertake the gigantic additional political and capitalistic burden that Socialism would impose."

The author pleads for equality of opportunity, but rather weakens his plea by failing at the same time to point out the impossibility of having a social order where all have equal freedom and equal opportunity without first abolishing all special privilege, so that no one may by Act of Parliament or otherwise receive a benefit from the activity and initiative of someone else, and often irrespective of the real deserts of the recipient—without giving an equivalent service in return. It is stressed—and properly so—that receiving services without giving services in return tends to stunt and weaken character, while giving service for service causes a growth in individual character.

THE WAR IN A NUTSHELL, OR THE SHORTEST HISTORY OF THE GREAT WAR. By G. H. Hallam is published by the Macmillan Company of Canada, Limited, St. Martin's House, 70 Bond Street, Toronto. Price, ten cents.

This is a brief account of the whole war in a few tiny pages. The author's Notes on the War were intended at first for use in schools and were found acceptable to older readers. They won the approval of the late F. M. Lord Roberts, Sir H. Smith Dorrien and of more than one Cabinet Minister.

Bradstreet's Montreal Trade Report

Bradstreet's report on Montreal trade for last week as follows:—

There has been a temporary drawback to the wholesale trade during the past week. The new taxes on sales, and the uncertainty of what the budget would be, caused a certain amount of restlessness. The dry goods trade is quieter than it has been for some time, it being between seasons. Fall prices at present look as if they would be higher, due to the scarcity of merchandise in so many lines.

The new tax, while it does not apply to food stuffs generally, has hit some of the fancy lines carried by our wholesale grocers pretty heavy. It is predicted that refined sugars in this market will be selling retail at three pounds for a dollar before the summer is over. If this prediction comes true, it will hit some of our fruit growers pretty hard, as few people will be able to do their preserving.

Merchants and manufacturers of grocers' sundries are going slowly until business conditions are more clearly understood. Large quantities of condensed milk are being exported to Europe.

Crop prospects in the West look better. Estimates report wheat under 15,300,000 acres, as compared with 16,085,000 last year; the falling off in acreage being attributed to the late season. Soil conditions could not be better, it being reported that Canada will be able to export at least 150,000,000 bushels of wheat this year. The crops in Quebec look well, but we have had such fine warm weather that farmers are now praying for rain.

Bush fires in Quebec and the lower Provinces are numerous; it is reported that over two hun-

dred square miles of standing timber has been destroyed.

The market for Canadian wools is unsettled; dealers are offering 30 cents to 35 cents F.O.B. country points.

The City is full of visitors, which is helping out the retail trade. Collections are good.

Notable increases at Calgary are shown over the corresponding month last year in the returns for April for the Dominion Land Office, returns totalling \$67,065, an increase of \$30,703 over last year. Fees for petroleum and natural gas applications amounted this year to \$31,042 with 47 applications; 19 homesteads were granted, and 25 soldier grants.

Bonuses of \$15,000 and \$8,000 respectively to Nell Shipman and David Hartford, leading actress and actor in the Canadian-produced picture "Back to God's Country" were voted at the meeting of the Canadian Photoplays. The picture has been a huge success and is to be followed by the production of two of Ralph Connor's novels.

From November, 1918, to November, 1919, a total of 2,509,658,000 cubic feet of gas was consumed in Medicine Hat, Alta., of which 635,012,000 cubic feet was utilized industrially and 1,874,000 in domestic consumption.

A complete survey of all the natural resources of the province of Saskatchewan and the inauguration of an educational campaign to induce the people to patronize home industries is announced by the Provincial Treasurer. Basic materials will get first attention, starting in with clay.

A Regina black fox farm has established a record with 35 pups being born from 9 litters, one year-old fox having 8 pups, which is one above previous western record held by a black fox farm at Winnipeg. The manager of the farm claims that each pup is worth one thousand dollars.

The finding of a supply of female help adequate to the demand continues to be the problem of the government labor bureau in Saskatchewan, there being 3,000 unfilled vacancies at the end of the last week according to returns from various districts.

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The Pulp and Paper Industry

The Market and Spanish River

BY THE FINANCIAL EDITOR.

The feature of the week in the financial markets, was the activity and strength in the paper stocks, several of which touched new high levels, and stood up well under heavy profit-taking. The rest of the market was dull and inactive, but showed no special sign of weakness. The increased price of newsprint in the United States, which will soon be \$130 for contract dealings, was the chief reason for the paper boom, but the announcement of the great Riordon merger, with its extensive programme of new construction and new financing, was also a bullish factor.



The Spanish River situation is extremely interesting, and a lively movement in this security may be expected at any moment, if it is not already under way. The depression which has prevailed in the Spanish securities recently was due to the nature of the dividend proposals on the preferred. It is becoming more and more generally believed that these dividend proposals are not to be taken seriously. It is considered to be impossible for a company having cumulative preferred stock outstanding to relieve itself of its dividend obligations to the holders of that stock, in any form except cash, so that the proposals to pay arrears of dividend in preferred stock could not be successfully carried out without the consent of all the preferred shareholders, which is not likely to be granted. The interesting element of the problem however, is the query as to what could be done in the case of a sale of the property of the company to a new corporation. It is possible that in such a transaction, some adjustment could be performed by a vote of a majority of stockholders, which would not be possible in any other way. Even in this event, however, there is good legal support for the opinion that the preferred shareholders could not be compelled to accept anything less than the full face value of their stock and their arrears of dividends in cash, if they elected to insist upon that method of settlement. Whatever method the company might adopt of dealing with the situation, it can be assumed with certainty that the preferred shareholders, in so far as they differ in personnel from the common shareholders, are not likely to accept, without the most emphatic resistance, any

distribution the monetary value of which is less than the 42 which is due to their security on July 1, for six years of unpaid dividend.

On the other hand, there is another possible device by which the difference between the value of the preferred stock and the common stock could be lessened in the interests of the latter. There seems to be no reason why, when the preferred stock has been paid off as regards its 42 per cent. of arrears, the common stock should not receive a dividend also under the heading of arrears, provided it can be shown that such dividend was earned during the period prior to the date when a regular common stock dividend is inaugurated. In this way, it would be possible to distribute the common stock not only 7 per cent. per annum from the date on which the preferred is paid up, but also a considerable further sum out of earnings prior to that date. If these earnings were distributed to the common stock holders, in future years, by means of a higher dividend rate than 7 per cent., the preferred shareholders would have to be admitted to participation. But if they are paid out as being dividends belonging to past years, at a rate not exceeding 7 per cent., there does not seem to be any way in which the preferred shareholders could obtain any part of them. As soon as this uncertainty regarding the conflicting interests and relative merits of the preferred and common stocks is cleared up, there should be a lively boom in at least one or other of these securities, and most probably in both.

A surveying party has just returned to Quebec after nine months' absence covering work over an extensive territory in the Ungava district in the region of James Bay, near Hudson Bay.

An office for game wardens and license inspectors who will be at the disposal of tourists and the public generally has been opened at Montreal by the provincial government. An immigration office is also attached to the new department.

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The Pulp and Paper Industry

Importance of Staff Personnel

One of the very great, if not the greatest sources of establishing the prestige of a bank in any community is the personnel of the branch staff. Their general deportment attracts the public more than one would imagine, and consequently the success of the institution is dependent to a great degree on their loyalty.

To get business, courtesy, efficiency, personality, and of course a knowledge of human nature, are necessary; a branch having the staff endowed with these principles—I should say accomplishments—is indeed fortunate. They are the big factors in influencing the public and the name of the bank will be constantly talked about throughout the community. A most successful business cannot help but grow up.

All members of the staff should be made to feel that they are vital component parts of the whole service, and they will take a personal interest in the growth of "their branch". A great many junior offices think, or are made to believe, that they are too young to be of any service other than by doing their office duties. This should not be so, and they ought to feel and

know that they are of some importance and help to the bank.

The size of the bank signifies little to the general public, it is service and friendly treatment that plays such an important part in building up a connection. So much depends on personalities; and the office having a pleasantly mannered staff has a great advantage over other banks in the town, who perhaps are richer financially—but poorer in personnel.

Surly, frowning individuals will do more harm than anything else. They will ruin the business, because people will naturally think their accounts are not wanted, and of course will leave with a bad impression, not only of the branch, but of the whole institution.

Some authorities say a successful bank in any community depends upon the following percentages:—

Age, and standing of Directorate	2 p.c.
Head Office Policies	28 p.c.
Alertness of Mananger and Staff	70 p.c.
	100 p.c.

The Seriousness of Forest Fires

Each day brings reports of the fine prospects of the grain crop for Canada which is given annually, and each paper brings word of the destruction of the forest crop which cannot be renewed every year but requires from 60 to 200 years to mature. Not only is the forest destroyed, but houses, farms, settlements and towns are laid in ashes and the homes and business of many a hard working Canadian citizen is wiped out in a moment.

From many centres in Nova Scotia, New Brunswick and Quebec and occasionally from the other provinces come heartrending reports of the destruction of forest fires. The summer has only just begun, yet the destruction has already been enormous. Estimates place the area at 200 square miles in New Brunswick which have already gone up in smoke, together with the destruction of the town of St. Quentin with a loss of property at that point of probably half a million dollars. Fortunately no lives were lost but the fugitives are in a serious plight and many would certainly have suffered had not a train been ready to take them to Campbellton and other points for shelter.

It is reported that fires are burning at 35 different points in Matapedia Valley alone and conflagrations in many other points have been for some time out of control. An early rain is the only possible means of preventing serious and widespread disaster.

New Brunswick is not alone in its loss as 47 buildings have been destroyed at Londonderry, N. S. and large areas of forest in that province have been consumed.

A number of these fires are reported as being caused by campers on Victoria Day. Others are definitely known to have been caused by railways and settlers which are the two chief causes of forest fires. Chief Forester Prince has announced that no permits to burn bush will be issued under the present circumstances, but the government railways are still at liberty to scatter sparks with impunity, if we can consider it impunity to receive no other punishment than the curses of those whose property and prospects of livelihood

and happiness are wiped out by fire through the negligence and indifference of the government to which they have sworn allegiance and paid taxes.

The forest fire loss at this time is particularly to be regretted because of the great shortage of timber both green and as raw material for manufacture into lumber for building homes or pulp and paper for the countless products of this industry.

It is gratifying to note that Chief Forester Piche of Quebec reports no serious fires in this province and this report should be taken as a lesson to other provinces for the organization and management of forest conservation means. There are fires in this province and only eternal vigilance keeps the danger within control.

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- | | | |
|----------|-----------|----------|
| Kenogami | Jonquiere | Rimouski |
|----------|-----------|----------|

Summer logging operations in British Columbia are now in full swing at the Sicamous sawmills and the minimum monthly output it is stated will be about 60,000 feet. The company expect to take out 100,000 ties during the coming year in addition to poles, the total cut by March next year being estimated at 10,000,000. The mill at present has a capacity of 30,000 feet per day.

It is estimated that there will be twenty million dollars worth of new buildings erected in Saskatchewan this year and that Regina will account for five millions of this amount.

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Canada's Mining Industry

Discovery In Beaverhouse Lake District

By Our Toronto Correspondent

According to the reports presented at the annual meeting of the Peterson Lake Silver Cobalt Mining Company, Ltd., held in Toronto on May 31, over which President W. A. Lamport presided considerable work was carried out by the board during the past year and all indications point to the mine being in a most favorable position. The president stated that at the present time they were engaged in taking out some high-grade ore, an estimate of which was 50,000 ounces, and that shipments would be made shortly. In regard to their slimes he stated that the Dominion Reduction Co. was engaged in putting in additional plants, and he expected that a start would be made in the treatment of the ore about the end of July. This will ensure a steady income for the company until the end of the season, it is expected. The board of directors were elected as follows: W. A. Lamport, President; J. E. Carter, Vice-President, Guelph; E. Barelman, Guelph, W. H. Brown, Toronto; A. H. Brown, Toronto; D. E. Kennedy, Teeswater; C. A. McLean, Toronto; A. G. Cumming, Toronto; A. H. B. Moore, Niagara Falls, N. Y., and C. M. Nickel, Toronto; P. M. Goff was re-elected Secretary-Treasurer.

The Mining Corporation of Canada has declared a dividend of 12½ per cent payable June 15, to shareholders of record June 1. The disbursements will be somewhat over \$200,000 and will bring the total up to more than \$6,900,000. The company, owing to the loss of earning power due to the strike last summer, passed the dividend for the final quarter of 1919, but resumed once more in the first quarter of the present year.

Reports from Cobalt state that the long neglected Beaverhouse District, the home of the old Huron, now the Argonaut Gold Mine, is coming to its own and that rich finds having been reported in the area. The success of this sec-

tion is due to the perseverance of some private Ottawa interests who took hold of the property and have brought it to the producing stage. The most interesting development of the past week has been the finding of a vein, the samples of which show visible gold on property on the south side of the lake from the Argonaut. Employees of the mine made the discovery and since then all the available claims in the vicinity have been staked. Some time ago a new vein was reported on the 200-foot level. The vein is a new one. It does not show on the surface, although there are some twenty odd veins on the property. The company was driving from an old working cut to a known vein found by diamond drilling and the new one was encountered. The mine has made a few billion shipments to the mint at Ottawa.

R. C. Coffey, manager of the Lake Shore Mine, has issued his report for April which shows a production of \$35,388. A feature of the report is the fact that the tonnage constitutes the highest record in the history of the company, the average being 62 tons daily or a total of 1,860 for the month. Mill heads were below the former average and amounted to a little over \$19 to the ton. While this represents a decline, yet it still leaves the Lake Shore the reputation of being the highest grade operating gold mine in Canada. April production of \$35,388 compares with \$45,133 in February and \$40,126 in March. The production for the first four months of the calendar year were \$165,967, or at the rate of close on half a million dollars. The dividend of 2 per cent on the Lake Shore, payable June 18 to shareholders of record June 8, will call for the disbursement of \$40,000. It is to be noted that while the company pays interim dividends rather than quarterly disbursements, the former dividends have been paid at the rate of 2½ per cent with each disbursement.

Conditions Affecting Marine Fire Hazard

At the recent annual meeting of the World Marine & General Insurance Co., in London the chairman, Sir Ivor Phillipps, drew particular attention to two rather important aspects of marine insurance—those of fire hazard arising from port congestion and the world-wide epidemic of theft. Discussing the former, he said: "Congestion at so many of the large ports renders underwriters liable for fire hazard on the accumulation of cargo, the effect being that they are running a liability on amounts much greater than intended. It is very difficult to obtain re-insurance protection against this accumulated risk. Fortunately, however, during 1919 no serious conflagration occurred at the congested ports. Another aspect of detention is the aggravation of claims for damage."

Speaking of theft and pilferage, he said: "While total losses were light during 1919, underwriting conditions generally were most unsatisfactory, particularly is this true in respect of cargo insurance. The epidemic of thieving rampant all over the world, to which I referred last year, has not abated, but has become, if anything more virulent. Marine insurance in London having been a free market, underwriters as a body have been very slow in combining with a view to the improvement of conditions or rates, but recently, owing to the heavy theft claims, it has become necessary for underwriters to work together in

their common interest. A representative committee has been formed to deal with this matter and it is hoped as a result that some measures will be taken which if they do not reduce the risk of theft will at least make the risk a less onerous one for the underwriters.

"Insurance is one of the businesses subject to heavy competition, the number of insurance companies having more than doubled since pre-war days, and the number of new companies operating naturally tends to create a scramble for premium, with a consequent reduction in rates. With the increased cost of every commodity and service, it seems remarkable that some underwriters should be prepared to sell their insurance policies more cheaply today than in 1914. This is what is happening in many instances."

No less than seventeen aërial taxicab companies are being formed in western Canada and a number of these have been licensed by the Air Board. Six routes for transcontinental flights have been established. Many companies have been formed, one at Regina, one at Moose Jaw, two in Saskatoon, two at Edmonton, one at Hanna, Alta., one at Calgary, one at Lethbridge, two at Banff and two at Vancouver.

The Merchants Bank of Canada

Proceedings of the Fifty-seventh Annual Meeting of the Shareholders on June 2nd, 1920.

The Fifty-seventh Annual Meeting of the Shareholders of the Merchants' Bank of Canada was held Wednesday, in the Board Room at the Bank's Head Office at Montreal. The meeting was called to order at 12 o'clock noon.

On motion of Mr. John Patterson, the President, Sir H. Montagu Allan, was asked to take the chair.

Mr. J. M. Kilbourn was appointed Secretary of the meeting and read the notice calling the meeting.

The minutes of the last Annual Meeting were taken as read.

THE ANNUAL REPORT.

The President, Sir H. Montagu Allan, then presented at Annual Report as follows:—

I beg to submit on behalf of the Directors, the Fifty-Seventh Annual Statement of The Merchants' Bank of Canada as at the close of business on the evening of the 30th April, 1920, together with a statement of the Profits covering the relative period.

Despite the fact that operating costs have continued their upward course, the net profits resulting from the year's business were \$1,686,156.15, being an increase over last year of \$302,586.75.

The financial position of the Bank, as reflected in detail in the Balance Sheet before you, will, I hope, meet with your full approbation.

In the Directors' Report of a year ago, I mentioned that an issue of \$1,400,000 of new stock was being made, and that, owing to the date of allotment, this step would fall for comment more appropriately at the next Annual Meeting. I am now pleased to advise you that the issue was promptly taken up and long since paid for in full by the shareholders. The Paid-up Capital of the Bank, therefore, stands today at \$8,400,000, while the \$700,000 premium received from the new issue and \$700,000 transferred from Profit and Loss Account have been added to the Reserve, thus maintaining that Fund upon an equal basis with the Paid-up Capital.

You have already been advised that, in line with the growth of the Bank, and with a view of keeping pace fairly and reasonably with the legitimate requirements of our ever-growing clientele, a further issue of \$2,100,000 of new stock, upon the same favorable terms to the shareholders, is now under way. This new issue will appropriately be referred to again a year hence.

It may be of interest to mention that the Bank's shareholders now number 2,622 as against 2,406 in 1919, and 2,340 in 1918.

At the commencement of the Bank's fiscal year presently under review, the Directors felt warranted in placing the Dividend on a regular 12 per cent basis, and also, later, in distributing a bonus of 1 per cent, making in all 13 per cent received by the shareholders during the twelve month period. No doubt their action in this respect will have your full approval.

During the year we opened 65 Branches with a number of sub-agencies as feeders, and I may say that results have amply justified our action, as evidenced by the fact that we have only closed 2 Branches during the period.

In December last our office in London, England, was opened for business and already gratifying progress has been made in the building up of a London connection, while the facilities afforded our clientele on this side have greatly enhanced the value of the services we are enabled to extend to them. It had been apparent for some time that the growth and increasing importance of the institution called for the completion of our organization by the establishment of an office in the Capital of the Empire.

During the year we conceived it to be advisable and expedient, in keeping with modern and approved practice, to liquify to some extent the inactive asset represented by Bank Premises Account, which, as you are aware, must, with the growth of the Bank be an over-expanding one. We accordingly turned over certain of our premises to a subsidiary company called the Merchants' Realty Corporation, who in turn issued Bonds against the respective properties to the amount of \$4,000,000, the proceeds of the sale of which have been appropriately applied. These Bonds are of a serial nature and will be thus automatically amortized as they fall in for payment, control of the property being held by the Bank through the ownership of all the stock of the Company, this being shown upon our books at a nominal figure.

Since the last Meeting, death has removed from our midst, Mr. E. F. Hebden, formerly General Manager of the Bank and, for a period, Managing Director. His service in the institution was lifelong and in his demise the financial community lost a distinctive and distinguished personality, the Bank an able and experienced administrator. His death is regarded with deep regret by all.

The vacancy upon the Board has been filled by the appointment of Mr. E. W. Kneeland, of Winnipeg, a business man of wide experience and influence in the West.

In view of the continued growth of the Bank's business, the Directors are of opinion it would be desirable to enlarge the numerical strength of the Board by adding one more to their number, and an amendment to this effect of the relative

by-law will be submitted for your approval. The name of Mr. Gordon M. MacGregor, of Windsor, Vice-President of the Ford Motor Company of Canada will accordingly be included in the list, which will be submitted, to you in due course. He is a man of high standing in the commercial community, and we are sure of your agreement with the Directors that he will prove an acquisition to the Board.

You may be interested to learn that I made a trip last autumn through Ontario and the West—accompanied by some of the Directors and the General Manager. We met all the senior officers and I have pleasure in saying that I found the trip both inspiring and beneficial to a degree.

We have undoubtedly, an efficient staff and you will, I am sure join with the Directors in extending to its members one and all, a word of cordial appreciation for their capable and loyal services, to which the measure of progress the Bank has enjoyed is in no small extent attributable.

All the various offices of the Bank have been inspected during the past twelve months.

The Auditors' Certificate is appended.

All of which is respectfully submitted.

R. MONTAGU ALLAN,
President.

STATEMENT OF THE RESULT OF THE BUSINESS OF THE BANK FOR THE YEAR ENDED 30TH APRIL, 1920.

The Net Profits of the year, after payment of charges, rebate on discounts, interest, on deposits, and making full provision for bad and doubtful debts, have amounted to	\$1,686,156.15
Premium on New Stock	700,000.00
The balance brought forward from 30th April, 1919, was	574,043.32
Making a total of	\$2,960,199.47

This has been disposed of as follows:—

Dividend No. 128, at the rate of 12 per cent, per annum	\$238,416.01
Dividend No. 129, at the rate of 12 per cent, per annum	243,726.44
Dividend No. 130, at the rate of 12 per cent, per annum	250,805.76
Bonus 1 per cent	83,263.00
Dividend No. 131, at the rate of 12 per cent, per annum	252,074.56
.....	\$1,068,285.77
Government War Tax on Note Circulation	81,138.72
Transferred to Reserve Fund from Premium on New Stock	700,000.00
Transferred to Reserve Fund out of Profits	700,000.00
Written off Bank Premises Account	100,000.00
Contribution to Officers' Pension Fund	50,000.00
Balance carried forward	260,774.98
.....	\$2,960,199.47

RESERVE FUND ACCOUNT.

Balance, 30th April, 1919	\$7,000,000.00
Premium on New Stock	700,000.00
Transferred from Profits	700,000.00
.....	\$8,400,000.00
Average Paid-Up Capital during year	\$8,230,539.00

H. MONTAGU ALLAN,
President

D. C. MACAROW,
General Manager.

STATEMENT OF LIABILITIES AND ASSETS AT 30TH APRIL, 1920.

LIABILITIES.		1920	1919
1.—To the Shareholders.—			
Capital Stock paid in	\$8,400,000.00	\$7,000,000.00	\$7,000,000.00
Reserve Fund	\$8,400,000.00	\$8,400,000.00	\$7,000,000.00
Dividends declared and unpaid	338,159.22	194,194.00	194,194.00
Balance of Profits of per Profit and Loss Account submitted herewith ..	260,774.98	574,043.32	574,043.32
.....	\$17,398,934.20	\$14,768,237.32	\$14,768,237.32
2.—To the Public.—			
Notes of the Bank in circulation	14,791,027.00	13,316,033.00	13,316,033.00
Deposits not bearing interest	45,368,876.69	43,552,214.61	43,552,214.61
Deposits bearing interest (including interest accrued to date of Statement)	114,132,175.79	91,904,993.37	91,904,993.37
Balances due to other Banks in Canada	2,747,402.86	2,614,696.64	2,614,696.64
Balances due to Banks and Banking Correspondents in the United Kingdom and foreign countries	831,997.36	105,076.96	105,076.96
Bills payable
Acceptances under Letters of Credit	2,117,441.21	464,153.05	464,153.05
Liabilities not included in the foregoing
.....	197,387,855.14	166,725,404.95	166,725,404.95
ASSETS.			
Current Coin	\$ 4,193,117.50	\$ 4,946,946.33	\$ 4,946,946.33
Deposit in the Central Gold Reserves	7,500,000.00	7,000,000.00	7,000,000.00
Dominion Notes	8,407,003.25	8,405,602.50	8,405,602.50
Notes on other Banks	1,170,482.00	985,044.00	985,044.00
Cheques on other Banks	11,093,195.77	6,082,616.99	6,082,616.99
Balances due by other Banks in Canada	9,470.50	3,215.80	3,215.80
Balances due by Banks and Banking Correspondents in the United Kingdom	445,034.79	123,496.50	123,496.50
Balances due by Banks and Banking Correspondents elsewhere than in Canada and the United Kingdom	1,561,157.87	1,903,040.10	1,903,040.10
Dominion and Provincial Government Securities, not exceeding market value	7,893,229.90	6,005,573.65	6,005,573.65

Railway and other Bonds, Debentures and Stocks, not exceeding market value	4,507,688.10	4,119,705.32
Canadian Municipal securities and British, Foreign and Colonial Public Securities other than Canadian	13,239,204.50	15,238,399.32
Call Loans in Canada on Bonds, Debentures and Stocks	6,471,494.31	5,134,690.71
Call Loans elsewhere than in Canada	6,206,537.78	2,801,857.72
	\$72,697,546.36	\$62,750,188.94
Current Loans and Discounts in Canada (less Rebate of Interest)	\$113,198,913.90	
Loans to Cities, Towns, Municipalities and School Districts	3,587,491.69	
	116,786,405.59	95,874,426.04
Current Loans and Discounts elsewhere than in Canada (less Rebate of Interest)	1,117,268.51	332,918.12
Liabilities of Customers under Letters of Credit as per contra	2,117,441.21	464,153.05
Real Estate other than Bank Premises	604,325.33	782,326.64
Overdue Debts, estimated loss provided for	352,737.25	386,973.56
Bank Premises at not more than cost (less amounts written off)	*2,576,630.21	5,253,269.48
Deposits with the Minister for the purposes of the Circulation Fund	377,000.00	366,000.00
Other Assets not included in the foregoing	758,500.68	515,149.12
	197,387,855.14	166,725,404.95

* After crediting amount received in respect of Premises transferred to The Merchants Realty Corporation, Limited.

H. MONTAGU ALLAN,
President

D. C. MACAROW,
General Manager.

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF THE MERCHANTS BANK OF CANADA.

In accordance with the provisions of sub-sections 19 and 20 of Section 56 of the Bank Act, we report to the shareholders as follows:—

We have examined the above Balance Sheet with the Books of Account and other records at the Chief Office of the Bank and with the signed returns from the Branches and Agencies and have checked the cash and verified the securities of the Bank at the Chief Office against the entries in regard thereto in the books of the Bank at 30th April, 1920, and at a different time during the year and found them to agree with such entries. We also attended at some of the Branches during the year and checked the cash and verified

the securities held at the dates of our attendances and found them to agree with the entries in regard thereto in the books of the Bank.

—We have obtained all the information and explanations we have required. In our opinion, the transactions of the Bank which have come under our notice have been within the powers of the Bank, and the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Bank's affairs, according to the best of our information and the explanations given to us, and as shown by the books of the Bank.

VIVIAN HARCOURT,
GORDON TANSLEY, Auditors.

(of the firm of Deloitte, Plender, Griffiths & Co.)
Montreal, 25th May, 1920.

PRESIDENT'S ADDRESS.

In moving the adoption of the report, Sir Montagu Allan said: "After my formal address I wish to add just a few words, and I apologize to Mr. Macarow for doing so, because it is somewhat of a personal matter, but I think on this occasion it should be referred to.

"I wish to say that the day before yesterday I and the members of the board were notified by a member of the staff of the bank that a very important affair was to take place in the board room here yesterday afternoon. We attended, and were agreeably surprised to find that the business in hand was a presentation to our General Manager, Mr. D. C. Macarow.

"I have not secured his permission to mention this matter, but take the opportunity of doing so, because it was a decidedly unique event of which neither he nor I nor the directors had any previous knowledge.

"It turned out to be a spontaneous gift from all the members of the bank's staff, from Vancouver to Halifax, a magnificent silver tea service, one of the most beautiful things I have ever seen, with other objects d'art.

The presentation was the occasion of several happy addresses from members of the staffs with an address which they presented Mr. Macarow, along with their gift, and led to a particularly illuminating reply from the General Manager, which needless to say, brought down the house.

"It is with particular pleasure that I inform the shareholders of this event, because it is of interest to you all to know that the General Manager and the staff are in such close accord, and have such friendly personal relations. We, of the board have every confidence in Mr. Macarow, and, from what we saw in the west last year, there was no doubt of the friendly feelings of the staff everywhere towards him. As an evidence of the friendly and confident relations that exist between Mr. Macarow and the staff all over Canada I think yesterday's function was one of the most agreeable and unique I have been privileged to witness for a long time, and I congratulate Mr. Macarow on the regard he has won from the bank staff throughout the whole Dominion." (Applause.)

The president then made the formal resolution for the adoption of the annual report, seconded by Mr. K. W. Blackwell.

THE GENERAL MANAGER'S ADDRESS.

The General Manager, Mr. D. C. Macarow, in rising to make his address was received with much applause from the shareholders. He said:

"In the first place I must say that the personal onslaught, made upon myself by the president is as unexpected as it is kindly, I was deeply touched by the presentation so spontaneously made to

myself by the staff throughout the country. I view the presentation with mixed feelings, appreciation of the kindly intent it showed, and doubt, as to my own merits. However, I accepted it in the spirit in which it was given, and it will always be one of my most prized possessions.

The President's address forms a comprehensive epitome of all the important phases of the Bank's present condition, and has appropriately dealt with or touched upon the several outstanding developments which have taken place during the past fiscal year.

I shall, therefore, but add a brief word of amplification as to some features of the statement which it occurs to me may be enlarged upon without unnecessary repetition.

Another Victory Loan last autumn was again heavily subscribed to by the Bank's clientele throughout the country, their total subscriptions reaching the large sum of \$41,776,000, practically all of which (conversions being negligible in amount) was a direct charge against our deposits. Yet the resultant heavy withdrawal was not only overtaken, but deposit totals show an increase, in addition, over last year, of \$24,900,000. This must be considered a satisfactory achievement, I think.

Commercial Discounts have, in natural course, advanced also, and the total now stands at \$113,198,000, being an increase during the year of \$17,324,000. These figures indicate that the Bank is continuing to carry its full share of the load in a period when the support and encouragement of the productive capacity and energies of the country is a matter of paramount importance. If stable conditions are to be reasonably maintained, it is essential that the vital channels of commerce and industry be kept open and, I venture to assert, in functioning as the above figures reflect, the Bank is playing its part to that end.

At last year's Annual Meeting I made reference to our Asset column as representing dollar for dollar of actual value, and I make the same assertion today with equal emphasis.

The record of growth this year leads me to feel that a few figures showing our progress, taking the last five years as a basis of comparison, may be of some interest to you. The totals and percentages are as follows, based on the year-end figures as at 30th April, 1915, and 30th April this present year:

	1915	1920	Gain %
Total Deposits	64,869,000	\$163,080,000	151
Current loans and discounts	47,401,000	113,198,000	133
Total assets	86,190,000	197,387,000	129

a satisfactory and evenly balanced measure of development, you will, I am sure, agree.

If I may be permitted to add a word as to general conditions I will be brief, for the subject has been dealt with from platform, pulpit and press so exhaustively that I cannot say much without wearisome reiteration. I fear it must be admitted, however, that the progress of this country, and indeed of the world at large, toward normal peace conditions has not been what we looked forward to a year ago. Unsettlement continues, labor and other difficulties abound and the dominant need of the time, production is palpably inert and backward. So long as production lags, so long will high prices and general inflation continue. Costs are mounting to ever higher levels and the process of deflation with the necessary changes in ideas, in habits and in outlook to something more approaching those or normal conditions can hardly be said yet to be in real evidence though sporadic and somewhat spectacular cutting of prices in certain seasonal lines of manufactured goods may perhaps be accepted as a psychological sign showing that the trend, at least, is in the right direction.

The demand for borrowed capital continues to be more or less importunate and it is in the conservation of credit and the equitable rationing of it that Banks can play and, indeed, are playing a sound constructive role. Legitimate productive enterprises are being fostered and encouraged fairly, while at the same time a firmly restraining hand is held upon unproductive, non-essential and speculative undertakings. This policy of selective curtailment so to put it, operating as it does at the very root of existing evils, and applied with due judgment, discrimination and consistency, cannot but prove a beneficial corrective and an importantly contributing factor towards restoring with a minimum of dislocation and disturbance, healthy and normal conditions in the body politic.

I might here venture to say that it is a matter of gratification to see our mercantile marine growing apace and to know that the Government will have, it is understood, some 45 merchant vessels in commission by the end of July next. I mentioned last year, and I reaffirm the opinion then expressed that there is nothing of greater national importance than the establishment of our own lines of ocean transport, and what has been and is being accomplished in this direction, both by the Government and by private enterprise, augurs well for the future safety and stability of the country's trade and commerce.

After what looked like in some respects an ominous start the crop situation throughout the country now seems to justify the belief that good yields will be secured this year. Predictions, however, are futile and we can only nurse the hope that actual results will fairly measure up to present optimistic estimates. Certainly, on the theory of averages alone; we are entitled to look for some redress in the crop situation, this year. Much depends upon it, more especially in view of the disappointing results of the last two years, and if nature is benevolent in the coming harvest this country will benefit to an unmeasured extent, and we shall be reasonably in a position to view the period of deflation, upon the threshold of which we stand, with feelings of confidence as to our immediate future—as to our ultimate future there need be no misgiving, for it must be borne in mind that Canada is a young and virile country of almost limitless possibilities and immense natural resources awaiting development, that its manhood is strong, enterprising, thoughtful and sane.

While we have our readjustment difficulties to deal with, our progress through the transition period will be orderly and well-conducted if there is a fair measure of mutual appreciation of surrounding difficulties and reasonable co-operation and good will along the line in surmounting them. In a word, if the wise and reasonable policy so briefly and clearly condensed in the three simple words "give and take" continues to operate with cordial uninterrupted, we shall move with steady and assured step to the great destiny which lies before us through wide-open avenues of peace progress and prosperity.

Before closing I would like to add my tribute of appreciation to the staff of the Bank for their devotion and efficiency. I cannot do so better than by saying that the President's apt and graceful remarks thereon have my unqualified and unrestricted endorsement. It is true, indeed, that the progress of the Bank is in no small measure due to the co-operative efforts of a loyal, capable and contented staff. That, I know, we have.

Before putting the motion for the adoption of the Report, the Chairman invited questions or discussion. There being none, he put the motion, which was unanimously adopted.

It was moved by Mr. A. Haig Sims, seconded by Mr. David Kinghorn, that Messrs Vivian Har-

The Merchants Bank of Canada.

(Continued from previous page.)

court and Gordon Tansley, of Deloitte, Plendor, Griffiths & Co., be re-appointed Auditors of the Bank, to hold office until the next Annual Meeting.

On motion of K. W. Blackwell and Farquhar Robertson, it was proposed: "That By-Law 111, enacted by the shareholders of the Bank, be and is hereby amended by substituting the word "fifteen" for the word "fourteen" in the first line thereof." This was unanimously adopted.

On motion of Messrs. A. Haig Sims and David Kinghorn, Messrs. John Patterson and Arthur Eroning were, by unanimous vote, appointed Scrutineers, and instructed to cast one ballot for the election of the following persons as directors:

- Sir Montagu Allan
- Mr. K. W. Blackwell
- Mr. Thomas Long
- Sir Frederick Orr Lewis, Bart.
- Hon. C. C. Ballantyne
- Mr. A. J. Dawes
- Mr. F. Howard Wilson
- Mr. Farquhar Robertson
- Mr. Geo. L. Cains
- Mr. Alfred E. Evans
- Mr. T. Ahearn
- Lt.-Col. Jas. R. Moodie
- Hon. Lorne C. Webster
- Mr. E. W. Kneeland
- Mr. Gordon M. McGregor

The ballot having been cast, the Directors as named, were declared to be elected.

Mr. A. Haig Sims.—"Before the meeting concludes I wish to move a hearty vote of thanks and appreciation to the President and Directors for their services during the past year, which have made it possible to present the splendid report we have heard today. With this I would like to couple the thanks of the Shareholders to the General Manager and all members of the staff throughout the country for their efficient and loyal services to the Bank, which have contributed in no small degree to enabling the Directors to carry on their work for the advancement of the Bank."

This was seconded by Mr. A. A. MacDougall, Manager for himself and the Staff.

This concluded the business of the meeting which then adjourned.

At a subsequent special meeting of the Directors, Sir H. Montagu Allan was re-elected President, and Mr. K. W. Blackwell Vice-President.

Calendar of June Holidays.

The following calendar of bank and public holidays, which will be celebrated in June in the states and countries and on the dates enumerated below, is furnished by the Guaranty Trust Company, of New York:—

Tuesday, June 1—Brazil (State of Goyaz) Western Australia.

Thursday, June 3—A holiday (Corpus Christi) in Argentina (unofficial) Austria, Bolivia, Brazil, Canary Islands, Chile, Costa Rica, Dominican Republic, French Guiana, Germany, Guatemala, Haiti, Hungary, Mexico (half day), Peru and Spain (unofficial). Also a holiday (Birthday of the King) in Bahamas, Barbados, Basutoland, Bechuanaland, British Guiana, British Honduras, Canada, Cayman Islands, Ceylon, Cyprus, Gibraltar, Hong Kong, India, Jamaica, Leeward Islands, Malta, Mauritius, Newfoundland, New Zealand, Nyasaland, Straits Settlements, Swaziland, Tasmania, Trinidad and Tobago, Turks and Caicos Islands, Western Australia, Windward Islands, Roumania, Siam (Bangkok). In the United States: A holiday (Birthday of Jefferson Davis) in Alabama, Arkansas, Florida, Georgia, Mississippi, South Carolina, Texas. Louisiana (Confederate Memorial Day) Tennessee (Decoration Day).

Friday, June 4—Egypt (Pentecost) (J).

Saturday, June 5—Denmark, Iceland.

Monday, June 7—Baltic States, New South Wales, Queensland, South Australia, Victoria.

Wednesday, June 9—Rhodesia.

Thursday, June 10—Brazil (State of Amazonas).

Friday, June 11—Brazil (States of Alagoas and Santa Catherina), Hawaii (observed by some but not established by law).

Saturday, June 12—Brazil (States of Espirito Santo and Rio Grande do Norte).

Sunday, June 13—Brazil (States of Matto Grosso and Piahy).

Tuesday, June 15—Brazil (State of Minas Geraes). In the United States: Idaho (Pioneer Day).

Thursday, June 17—Brazil (State of Pernambuco). In the United States: Massachusetts (Boston and vicinity) (Bunker Hill Day).

Saturday, June 19.—Egypt, Hejaz, Mesopotamia, Persia, Portugal (Lisbon) Turkey, Uruguay.

Sunday, June 20.—Egypt, Hejaz, Mesopotamia, Turkey.

Monday, June 21.—China, Egypt, Hejaz, Mesopotamia, Turkey.

Tuesday, June 22.—Brazil (State of Pera), Western Australia.

Wednesday, June 23.—Bahamas, Leeward Islands, Mauritius, Sweden, (half day) Western Australia.

Thursday, June 24.—Baltic States, Brazil, Canary Islands, (unofficial) Finland, Malta, Porto Rico, (unofficial), Portugal (Oporto), Sweden, Venezuela.

Friday, June 25.—Chile (Election Day).

Monday, June 28.—New South Wales, South Australia, Salvador.

Tuesday, June 29.—(Feast of St. Peter and St. Paul) Argentina (unofficial) Austria, Brazil, Canary Islands, Chile, Dominion Republic (unofficial), Germany (Catholic Germany only) Guatemala, Hungary, Malta, Peru, Poland, Spain.

Wednesday, June 30.—Guatemala, Panama, (unofficial).

Officials of an operating whale company are now arranging to organize a whale by-products and non-edible fish industry on Vancouver Island and British capital has been secured for the enterprise. Fertilizer, oil and other products hitherto wasted will be saved for commercial purposes. A company of returned soldiers is preparing to establish a mud-shark industry, their purpose being to extract oil and fertilizer from these hitherto uncommercial creatures.

CUNARD ANCHOR ANCHOR-DONALDSON

REGULAR SERVICES

MONTREAL—GLASGOW		
June 12	July 17	Aug. 21
July 3	Aug. 7	Sept. 11
Saturnia Cassandra		
N.Y.—GLASGOW (Via Moville)		
July 3	July 31	Aug. 28
Columbia		
NEW YORK—LIVERPOOL		
June 10	July 17	Aug. 21
June 12	July 17	Aug. 21
*K. Aug. Vict.		
N. Y. PLY. CHER. & LIVERPOOL		
June 24	July 31	Sept. 4
Caronia		
N.Y.—PLYMOUTH, CHER. & S'HAMPTON		
June 23	July 28	Sept. 1
Royal George		
N.Y.—CHERBOURG, SOUTHAMPTON		
June 19	July 17	Aug. 14
July 3	July 28	Aug. 25
July 31	Aug. 28	Sept. 25
Imperator Mauretania Aquitania		
N.Y.—PATRAS, DUBROVNIK, TRIESTE		
June 19	July 17	Aug. 14
Pannonia		
N.Y.—DUBROVNIK & TRIESTE		
June 8	July 17	Aug. 14
*Via Queenstown. Italia		

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- Factory
- Childrens Memorial Hospital, Montreal
- Hospital
- Steel Company of Canada, Montreal
- Nut & Bolt Works
- Canadian Cottons Ltd., Cornwall
- Weave Shed & W'house.
- Canadian Cottons Limited, Milltown, N.B.
- Weave Shed.
- Canadian Cottons Limited, Marysville, N.B.
- Dam.
- Canada Amusement Company, Montreal
- Loit Building.
- Merchants Bank, Toronto
- Bank Building.
- Belding, Paul Corticelli Co., St. Johns, Que.
- Factories.
- Belding, Paul Corticelli Co., Montreal
- Factory
- Dougall Varnish Company, Montreal
- Factory
- Canadian Hart Accumulator Co., St. Johns, Que.
- Factory
- Extension
- Montreal Abattoirs Ltd., Montreal
- Rendering Building
- Henry Birks & Sons Limited, Halifax
- Jewellery Store

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