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THE ROYAL BANK OF CANADA

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Proceedings at the Seventy-second Annual Meeting

MONTREAL

JANUARY 9TH, 1941

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THE ROYAL BANK OF CANADA

CAPITAL AUTHORIZED	- - - -	\$50,000,000
CAPITAL PAID UP	- - - -	\$35,000,000
RESERVE AND UNDIVIDED PROFITS	-	\$23,198,146

YEAR ENDED NOVEMBER 30, 1940

DIRECTORS

SIR HERBERT S. HOLT, K.B.,
Chairman of the Board

MORRIS W. WILSON,
President and Managing Director

G. H. DUGGAN,
Vice-President

W. F. ANGUS,
Vice-President

A. E. DYMENT,
Vice-President

JOHN T. ROSS	Quebec, Que.	RAY LAWSON	London, Ont.
W. H. McWILLIAMS	Winnipeg, Man.	N. L. LEACH	Winnipeg, Man.
A. McTAVISH CAMPBELL	Winnipeg, Man.	CONRAD S. RILEY	Winnipeg, Man.
G. MacGREGOR MITCHELL	Halifax, N.S.	JOHN BURNS	Calgary, Alta.
STEPHEN HAAS	Toronto, Ont.	G. H. MONTGOMERY, K.C.	Montreal, Que.
W. H. MALKIN	Vancouver, B.C.	J. D. JOHNSON	Montreal, Que.
G. HARRISON SMITH	Toronto, Ont.	W. C. WOODWARD	Vancouver, B.C.
PAUL F. SISE	Montreal, Que.	S. G. DOBSON	Montreal, Que.
J. McG. STEWART, K.C.	Halifax, N.S.	RT. HON. R. B. BENNETT, P.C., K.C.	Mickleham, Eng.
JOHN S. NORRIS	Montreal, Que.	HAROLD CRABTREE	Montreal, Que.
G. W. MacDOUGALL, K.C.	Montreal, Que.	G. A. DOBBIE	Galt, Ont.
ARTHUR B. WOOD	Montreal, Que.		
HOWARD P. ROBINSON	Saint John, N.B.		

Seventy-second Annual General Meeting of Shareholders

JANUARY 9TH, 1941

The Seventy-second Annual General Meeting of the Shareholders was held at the Head Office of the bank, in Montreal, on Thursday, January 9th, at eleven o'clock a.m.

Among those present were: P. H. Adams, A. A. Aitken, A. D. Anderson, W. F. Angus, C. E. Amy, W. A. Arbuckle, T. H. Atkinson, H. H. Black, W. B. Blackader, C. E. Bourne, R. M. Boyd, A. G. Brooks, N. P. Bryant, John Burns, A. W. Cameron, A. McTavish Campbell, F. D. Chapman, C. B. Clark, T. Clarke, H. R. Cockfield, S. L. Cork, R. E. Cox, Harold Crabtree, H. Cunningham, S. G. Davenport, C. W. Dewis, G. A. Dobbie, S. G. Dobson, A. R. Duffield, Albert Dupuis, P. F. Finley, H. C. Flood, R. S. Foster, A. S. Fraser, E. P. Fraser, H. P. Glencross, C. A. Gray, R. E. Haldenby, E. A. Hamilton, N. G. Hart, M. O. Haskell, J. R. Heron, H. G. Hesler, H. J. Hobbins, Angus Hodgson, Sir H. S. Holt, F. J. Horning, W. H. Howard, K.C., Senator A. K. Hugessen, Peter R. Jack, A. B. Jamieson, C. R. Johnson, J. D. Johnson, J. T. Keay, A. J. Knowles, J. N. Laing, Ray Lawson, N. L. Leach, A. T. Lowe, W. J. Lucas, G. A. Macdonald, J. W. MacDonald, Gordon W. MacDougall, K.C., C. H. Macfarlane, Hugh MacKay, G. W. MacKimmie, G. F. MacLure, W. H. Malkin, A. F. McAlpine, C. H. McLean, J. E. McLurg, D. McRae, W. D. Melvin, J. B. Miller, B. L. Mitchell, G. MacG. Mitchell, F. S. Moffitt, G. H. Montgomery, K.C., B. O. Moxon, J. Muir, C. B. Neapole, H. S. Nelson, S. R. Noble, John S. Norris, R. Park, C. R. Phinney, C. C. Pineo, W. Reid, C. S. Riley, J. T. Ross, Dr. J. W. Ross, D. B. Seely, S. Shane, R. H. Sims, P. F. Sise, C. W. Stairs, W. H. Stevens, B. B. Stevenson, J. MacG. Stewart, K.C., W. Garth Thomson, R. E. Thorne, G. M. Todd, Guy Tombs, N. C. Tompkins, J. E. Trottier, D. R. Turnbull, J. W. Tyson, G. M. Upham, M. M. Walter, W. H. Warmington, H. D. H. Williams, James Wilson, Morris W. Wilson, Arthur B. Wood.

On the motion of Mr. John Burns, seconded by Mr. J. S. Norris, Mr. Morris W. Wilson took the chair.

The Chairman appointed Mr. H. G. Hesler to act as Secretary of the meeting and Mr. A. A. Aitken and Mr. G. M. Todd to act as Scrutineers.

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

On the motion of Mr. W. H. Malkin, seconded by Mr. J. McG. Stewart, the Annual Statement, accompanied by the Auditors' Report and Statements of Controlled Companies were taken as read.

The Secretary then read the Directors' Report as follows:

DIRECTORS' REPORT

The Directors have pleasure in submitting to the shareholders the Seventy-first Annual Report for the year ended 30th November 1940, together with the Statement of Assets and Liabilities, and Statements of Controlled Companies.

PROFIT AND LOSS ACCOUNT

Balance of Profit and Loss Account, 30th November, 1939.....	\$3,096,252.21	
Profits for the year ended 30th November, 1940, after providing for Dominion and Provincial Government taxes amounting to \$1,823,950.19 and after making appropriations to Contingency Reserves, out of which Reserves provision for all bad and doubtful debts has been made.....	3,526,894.16	<u>\$6,623,146.37</u>
Appropriated as follows:		
Dividend No. 210 at 8% per annum.....	\$700,000.00	
Dividend No. 211 at 8% per annum.....	700,000.00	
Dividend No. 212 at 8% per annum.....	700,000.00	
Dividend No. 213 at 8% per annum.....	700,000.00	
	<u>\$2,800,000.00</u>	
Contribution to the Pension Fund Society.....	325,000.00	
Appropriation for Bank Premises.....	300,000.00	
Balance of Profit and Loss carried forward.....	3,198,146.37	<u>\$6,623,146.37</u>

(Signed) M. W. WILSON,
President and Managing Director.

(Signed) S. G. DOBSON,
General Manager.

The assets of the bank have been, as usual, carefully revalued and provision made for all bad or doubtful debts. The Head Office and branches of the bank were inspected, as is customary, within the fiscal year.

In Canada, one new branch was established and three offices were closed, while two branches were changed to sub-branches. Our three branches in the French West Indies were closed during the year. Branches in operation at November 30th totalled 685, of which 619 were in Canada and Newfoundland and 66 in other countries.

Your Directors again desire to express their appreciation of the efficient manner in which the officers of the bank continue to perform their respective duties.

All of which is respectfully submitted.

M. W. WILSON,
President and Managing Director.

General Statement • 30TH NOVEMBER, 1940

LIABILITIES

Capital stock paid up	\$ 35,000,000.00
Reserve fund	20,000,000.00
Balance of profits carried forward as per Profit and Loss Account	3,198,146.37
Dividends unclaimed	29,000.19
Dividend No. 213 (at 8% per annum), payable 2nd December, 1940	700,000.00
	\$ 58,927,146.56

Deposits by and balances due to Dominion Government	\$20,462,766.89	
Deposits by and balances due to Provincial Governments	15,065,374.51	
Deposits by the public not bearing interest	399,085,358.54	
Deposits by the public bearing interest, including interest accrued to date of statement	405,521,189.16	
Deposits by and balances due to other chartered banks in Canada	215,956.83	
Deposits by and balances due to banks and banking correspondents in the United Kingdom and foreign countries	12,047,550.38	
		852,398,196.31
Notes of the bank in circulation		25,103,351.64
Bills payable		43,013.95
Acceptances and letters of credit outstanding		18,003,678.07
Liabilities to the public not included under the foregoing heads		1,094,939.72

\$955,570,326.25

ASSETS

Gold held in Canada	\$ 16.86
Subsidiary coin held in Canada	1,740,027.54
Gold held elsewhere	336,173.74
Subsidiary coin held elsewhere	2,011,482.62
Notes of Bank of Canada	17,066,558.25
Deposits with Bank of Canada	65,020,125.17
Notes of other chartered banks	774,981.70
Government and bank notes other than Canadian	20,078,000.42

		\$107,027,366.30
Cheques on other banks		29,171,678.91
Deposits with and balances due by other chartered banks in Canada		2,832.62
Due by banks and banking correspondents elsewhere than in Canada		70,389,511.25
Dominion and Provincial Government direct and guaranteed securities maturing within two years, not exceeding market value		201,132,212.09
Other Dominion and Provincial Government direct and guaranteed securities, not exceeding market value		110,700,896.65
Canadian municipal securities, not exceeding market value		7,314,592.51
Public securities other than Canadian, not exceeding market value		9,421,620.56
Other bonds, debentures and stocks, not exceeding market value		32,155,514.15
Call and short (not exceeding 30 days) loans in Canada on bonds, debentures, stocks and other securities of a sufficient marketable value to cover		10,243,943.49
Call and short (not exceeding 30 days) loans elsewhere than in Canada on bonds, debentures, stocks and other securities of a sufficient marketable value to cover		7,394,239.19

		\$584,954,407.72
Current loans and discounts in Canada, not otherwise included, estimated loss provided for		229,451,217.53
Loans to Provincial Governments		999,795.25
Loans to cities, towns, municipalities and school districts		18,374,596.54
Current loans and discounts elsewhere than in Canada, not otherwise included, estimated loss provided for		79,277,395.82
Non-current loans, estimated loss provided for		1,783,249.36
Bank premises, at not more than cost, less amounts written off		14,446,007.98
Real estate other than bank premises		2,109,633.74
Mortgages on real estate sold by the bank		717,489.46
Liabilities of customers under acceptances and letters of credit as per contra		18,003,678.07
Shares of and loans to controlled companies		3,482,865.20
Deposit with the Minister of Finance for the security of note circulation		1,340,000.00
Other assets not included under the foregoing heads		629,989.58

\$955,570,326.25

NOTE:—The assets and liabilities of The Royal Bank of Canada (France) are not included in the above General Statement.

M. W. WILSON,
President and Managing Director.

S. G. DOBSON,
General Manager.

AUDITORS' REPORT

TO THE SHAREHOLDERS, THE ROYAL BANK OF CANADA:

We have examined the above Statement of Liabilities and Assets as at 30th November, 1940, with the books and accounts of The Royal Bank of Canada at Head Office and with the certified returns from the branches. We have checked the cash and the securities representing the Bank's investments held at the Head Office at the close of the fiscal year, and at various dates during the year have also checked the cash and investment securities at several of the important branches.

We have obtained all the information and explanations that we have required, and in our opinion the transactions of the Bank, which have come under our notice, have been within the powers of the Bank. The above statement is in our opinion properly drawn up so as to disclose the true condition of the Bank as at 30th November, 1940, and it is as shown by the books of the Bank.

JAMES G. ROSS, C.A., of P. S. Ross & Sons W. GARTH THOMSON, C.A., of Peat, Marwick, Mitchell & Co.	}	Auditors.
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MONTREAL, Canada,
December 23, 1940.

GLOBE REALTY CORPORATION, LIMITED AND ROYAL BUILDING CORPORATION

Consolidated Statement as at 30th November, 1940

LIABILITIES		ASSETS	
Capital Stock	\$ 4,032,000.00	Real Estate, at not more than cost	\$24,231,340.63
Reserve	\$1,834,176.59	Cash in Bank	71.82
Profit and Loss Account	152.62	Other Assets	8,373.93
	1,834,329.21		
	\$ 5,866,329.21		
First Mortgage Bonds	8,000,000.00		
Accrued Interest	30,000.00		
Due to The Royal Bank of Canada	3,482,863.20		
Depreciation Reserve	6,855,525.91		
Liabilities not included in above	5,068.06		
	\$24,239,786.38		\$24,239,786.38

NOTE:—The Royal Bank of Canada owns the entire Capital Stock of Globe Realty Corporation, Limited. It is carried on the books of the bank at \$1.00. Royal Building Corporation is a wholly owned subsidiary of Globe Realty Corporation, Limited.

AUDITORS' REPORT

We have examined the accounts of the Globe Realty Corporation, Limited, and its subsidiary, the Royal Building Corporation, for the year ended 30th November, 1940, and have obtained all the information and explanations required. We certify that in our opinion the above consolidated statement is properly drawn up so as to exhibit a true and correct view of the state of the Corporations' affairs as at 30th November, 1940, according to the best of our information and the explanations given to us and is as shown by the books of the Corporations.

MONTREAL, December 23, 1940.

(Signed) JAS. G. ROSS, C.A.
W. GARTH THOMSON, C.A.

CANADIAN REALTY CORPORATION, LIMITED

Statement as at 30th November, 1940

LIABILITIES		ASSETS	
Capital Stock	\$ 919,600.00	Real Estate, at not more than cost	\$ 4,824,244.83
Reserve	\$6,916.69	Cash in Bank	95,880.66
Profit and Loss Account	25.34		
	6,942.03		
	\$ 926,542.03		
First Mortgage Serial Bonds	2,100,000.00		
Accrued Interest	39,125.00		
Depreciation Reserve	1,854,458.46		
	\$ 4,920,125.49		\$ 4,920,125.49

NOTE:—The Royal Bank of Canada owns the entire Capital Stock of the above Corporation. It is carried on the books of the Bank at \$1.00.

AUDITORS' REPORT

We have examined the accounts of the Canadian Realty Corporation, Limited, for the year ended 30th November, 1940, and have obtained all the information and explanations required. We certify that in our opinion the above statement is properly drawn up so as to exhibit a true and correct view of the state of the Corporation's affairs as at 30th November, 1940, according to the best of our information and the explanations given to us and is as shown by the books of the Corporation.

MONTREAL, December 23, 1940.

(Signed) JAS. G. ROSS, C.A.
W. GARTH THOMSON, C.A.

Mr. S. G. Dobson, General Manager, referring to the Annual Statement, then spoke as follows:

The figures revealed in the Balance Sheet to-day are those at the close of 71 years of operation, and after 15 months of war. During the first half of the past year the results of the war had little effect upon our operations other than the restrictions imposed by the Foreign Exchange Control Board, but during the second half of the year and particularly in the last few months, the greatly increased tempo of this country's war effort has created business activity such as has never been experienced, and as a result, banking turnover has naturally been much greater.

Notwithstanding the increased business activity, the assets of Canadian banks have declined as compared with a year ago. Wars have always in the past been accompanied by expansion of bank assets and generally by inflationary trends. The experience of the past year may therefore, I think, be regarded as a healthy development, reflecting credit on those responsible for our war finance and monetary policies.

The following are the principal changes in the Balance Sheet presented to-day: Total Assets are \$955,570,326, a reduction of \$59,138,017 as compared with \$1,014,708,343 a year ago, when they reached an all time high. Cash on Hand and Balances Due by Banks total \$177,419,710, Dominion and Provincial Bonds \$311,833,108. Adding to these two items, Other Securities, Cheques on Banks, and Call Loans, we have Total Liquid Assets of \$584,954,407, or 66.57% of Total Liabilities to the Public. This liquid ratio is slightly less than a year ago because of the increased demand for commercial loans, a result we naturally welcome.

Since 1930 there has been a gradual increase, year by year, in our holdings of Dominion Government Securities, and this is the first occasion in that period that the trend has been reversed, the decrease during the past year being \$2,566,047. We have continued our policy of maintaining our holding of such securities in short date issues and of our total portfolio \$158,856,858, or 67.30%, matures within two years.

Commercial Loans in Canada continue to expand and, during the year increased a further \$16,823,905 to \$229,451,217. This total compares with \$175,872,378 at the low point in 1936. Loans outside of Canada decreased \$9,998,509. Loans to Provinces and Municipalities are less by \$2,592,281. Call Loans are down \$7,512,965, at \$17,638,182.

On the liability side, Deposits by the public in Canada increased during the year \$20,154,726, and now stand at \$609,203,083. On the other hand, Foreign Deposits dropped \$47,945,501, caused largely by the taking over of the foreign balances of our Canadian customers by the Foreign Exchange Control Board. Total Deposits are \$840,134,689, a decrease of \$41,122,048.

In reviewing the Balance Sheet a year ago I referred to the fact that balances due Dominion and British Governments in Canada amounting to \$53,000,000, were included in our figures. This total has this year been reduced to \$20,462,766, the amount due the Dominion Government.

Profits, I regret to say, were \$197,948 less than a year ago. This was not unexpected considering an increase of \$619,083 in taxes. After providing for total taxes of \$1,823,950 to the Dominion and Provincial Governments, Profits were \$3,526,894. Added to \$3,096,252 brought forward, we have available for distribution \$6,623,146. Dividends paid amounted to \$2,800,000. \$325,000 was contributed to the Pension Fund Society, and \$300,000 was written off Bank Premises, leaving \$3,198,146 to be carried to Profit and Loss Account, an increase of \$101,894.

We have continued the policy of restricting expenditures on Bank Premises to extensions and renovations, no new buildings having been constructed during the year. The regular sinking fund appropriations of \$500,000 have been made by our property holding companies and their indebtedness reduced accordingly. This sum, added to the \$300,000 reserved for Bank Premises Account, makes a total appropriation of \$800,000 against Real Estate Holdings last year.

Conditions in the French West Indies having become adversely affected by the war, it became evident that the future of our branches on those Islands was not promising. It was therefore decided to withdraw, and our offices at Fort de France, Basse Terre, and Pointe a Pitre were closed early in the year. The business was of such a nature that quick liquidation was possible. Depositors were paid off, loans collected in full, and such premises as we owned, sold for cash.

For obvious reasons we have not had any contact with our subsidiary in Paris since June, and on account of the uncertainties of the outlook we have considered it advisable to write off our total investment in that company and have eliminated the figures of assets and liabilities from our Balance Sheet. The Paris business shrank to unimportant figures during the war, especially following the closing of our French West Indian branches. Loans, according to our last information, were almost negligible and deposits reduced to a fraction of former totals. Fortunately all the British members of the Paris staff escaped to England.

Our Barcelona office is nominally open, but it has been on a liquidation basis since the outbreak of the revolution in Spain. Operating expenses have been reduced to a minimum, and it is our intention to withdraw from that point in the near future.

I am pleased to be able to report that our branches in South America have had a satisfactory year. The same is true for the most part of our branches in the West Indies. General conditions in Cuba have been unfavourably affected by the prevailing low price of sugar, some mills making little more than operating expenses. In most of the other important islands business has been maintained at a high level, and in some instances a very marked improvement has been shown. The South American Republics are feeling the loss of the European market, but a great effort is being made to increase their trade with each other and with North America. It is interesting to note that our Government is endeavouring to

expand our commerce with these countries and recently a mission headed by the Honourable Mr. MacKinnon, Minister of Trade and Commerce, was appointed to visit South America and the West Indies for the purpose of studying trade possibilities. The mission has been delayed temporarily due to the illness of Mr. MacKinnon, but we hope will be resumed early in the year. It has also been reported that there will be an exchange of Diplomatic representatives between Canada and certain South American countries.

These steps towards a closer understanding should go a long way towards building up a permanent exchange of business. Our branches in the Southern countries are located at strategic points and should be most helpful in developing such trade.

A word about the staff: Four hundred and forty-six members of our staff have enlisted for military service, and one hundred and fifty-eight more have been accepted and are subject to call. Leave of absence has been granted to all those who have enlisted, and positions will be available to them when they return. Married men are being paid the difference between three-quarters of salary and army pay, and single men the difference between two-thirds of salary and army pay. To fill the vacancies created, and to take care of increased business activity, we have had to engage six hundred and sixty-seven additional staff, many as temporary clerks for the duration of the war.

The employees of our two London offices are performing their daily work amidst the death and destruction of modern warfare, and are carrying on in the characteristic British way. We cannot speak too highly of their courage and fortitude, which fill us with admiration. Up to date there has been only one fatal casualty.

Mr. Morris W. Wilson, Chairman, in moving the adoption of the Directors' Report said:

I am sure you will receive with satisfaction the Seventy-First Annual Report and Balance Sheet just presented to you and discussed by the General Manager. It discloses a position of outstanding strength and indicates clearly the continued ability of the bank to play its legitimate part in financing the increased demands which will undoubtedly be made upon us.

We meet again under the shadow of war, and what I have to say to you to-day will deal mainly with certain aspects of war economy and finance. It is not necessary to discuss business trends extensively. Never was it possible to state with greater assurance that the tempo of business must increase steadily until we reach a condition of maximum production, thereby bringing into employment not only all who would be considered employable, but others who ordinarily would not be working for wages or salaries. Dislocations are bound to occur as a result of concentration of effort on production for war purposes, but these should have no substantial effect on our total economy. Under these circumstances, the approach to our problems should be an essentially different one from that which was reasonable under conditions of business depression and unemployment.

As I had occasion to point out a year ago, the transition of Canada from peace-time to war-time economy was made

An institution is just the sum total of the persons who carry on its affairs. The high standard of our personnel, numbering more than 7,000 men and women, is a most important factor in contributing to the bank's progress. Through the intelligent and interested work of this staff, from the oldest to the youngest recruit, there has been built up a spirit of goodwill between the bank and its customers which is one of our greatest assets. It is an asset that does not appear on the financial statement, but, nevertheless, is reflected in it.

To our staff I convey the thanks of the Directors and Executive.

As I have already said, business in Canada has reached the highest point of all time, because of the tremendous impetus it has received as a result of Government contracts connected with our war effort, but it has not yet reached its peak. Additional projects are being undertaken or in contemplation, which will have a further stimulating effect upon our economy, so that we may look forward to increased banking activity during 1941. Your bank is fully equipped to take care of all additional demands which may be made upon it to finance or otherwise handle this increased activity and thus contribute its share to Canada's war effort.

Our first object is to win this war. The might of the Empire in men, material, and weapons is gathering increased momentum; our morale is high. Our duty on Canada's home front may seem very simple, even tame, compared with the experiences of our kinsfolk in Britain, but it is vitally important. Our posts call for work, confidence, and self-denial. With these qualities, and a settled determination to back our country's war effort by every means in our power as the opportunity opens up to us, there can be no doubt of our ability to win.

without financial disturbance or strain. The experience of the past year lends further emphasis to the efficiency of our financial organization and the ability with which those charged with controlling our financial policy have carried out their duties.

Contracts for war supplies, including British supplies financed with Canadian funds, plus appropriations for new plant construction for war purposes, have already reached a figure in excess of the total amount expended by Canada for war purposes in the period 1914-18. Of the vast sum indicated, amounting to more than one billion dollars, a large proportion remains to be disbursed. It is a remarkable commentary on the soundness of our financial position that this great activity has been financed during the past year without any increase but, on the contrary, with a moderate reduction of the Canadian liabilities of the chartered banks. During this period the Canadian Government has called and redeemed Government or Government-guaranteed securities held in Great Britain to the value of about \$250 million, the proceeds being used to finance British purchases in Canada.

While Canadian debt to Great Britain has been reduced to this extent, it is probable that Canadian assets in other countries, principally the United States, have not been realized

upon to an equal extent. Exact information on this point is not available, but if our assumption be true, it means that on balance Canada has financed her share of the war to date without recourse to her investments abroad.

But if the problem of financing our war effort has so far been easily handled, this should not imbue us with complacency. We have been catching up on unemployment and preparing for maximum production, but in the year before us the financial problem will be more difficult. In periods of depression, expansive monetary policies can be made effective only with the greatest difficulty and over long periods, but credit expansion is almost inevitable in boom periods, and particularly in a war boom, when the colossal requirements of military forces must be supplied with the minimum of delay and regardless of cost. In these circumstances, the situation calls for drastic retrenchment under all other headings, so that the maximum effort may be devoted to war purposes. I feel apologetic for laying such emphasis on what is obvious, but I fear that it is a precept which, if understood, is nevertheless not being fully carried out in Canada at the present time. There is little evidence of restriction of even extravagant expenditures on the part of the public as a whole, except insofar as this line of action has been made necessary by the incidence of taxation. Unless the public are prepared to save a very large proportion of the increased wages and salaries which are being distributed, there are three alternatives before us:

- (1) The Government must further drastically increase taxation, or
- (2) A system of forced savings must be adopted, or
- (3) The well known inflationary spiral will steadily gain headway.

TAXATION

It is, I am afraid, the usual custom and sometimes the stern duty of bankers to condemn increases in taxation. In peace-time, when Governments take the easy course of increasing taxes to provide for extravagant expenditures, such a policy certainly calls for condemnation. But the present situation is quite different. I am not sure that Federal, Provincial and Municipal authorities have eliminated from their budgets *all* unnecessary expenditures and postponed all capital outlays that can possibly be deferred, as they should do in war-time. I am inclined to think they have not, but even if this were done, there would still remain an enormous gap after payment of essential war costs. We shall make a great mistake if we do not make the maximum effort to close this gap by taxation, and I am of opinion that a considerably larger proportion of our costs should be met by taxation than has been indicated by any plans so far disclosed. It seems quite clear that at the present tempo of business, our national income is increasing at a much greater rate than the aggregate of all taxes. Provincial and Municipal authorities have had their most pressing problem namely, that of unemployment solved by the increased industrial activity. If this is not wholly true in some areas, it will be within a comparatively short time. Hereafter any district that reports employables receiving relief will be open to suspicion of malfeasance in administration. On the other hand, due to the present business activity, rapidly approaching a war-time boom, Provincial and Municipal Governments find their revenues increasingly buoyant. I trust this situation will result in definite tax

reductions by them in order to cushion the effects of greatly increased Federal taxation.

The Dominion Government has enacted legislation drastically increasing corporation and income taxes. In the latter case no criticism seems justified. In my opinion corporation taxes are not designed at present to produce either the maximum returns or to spread the incidence of taxation fairly over industry as a whole. I hasten to add, however, that no perfect scheme of taxing profits or income has ever been devised. As a class, those corporations which operate within the national economy, (in this group I include banks and other financial institutions, public utilities, manufacturing industries supplying domestic needs, etc.) have all along been earning reasonable profits. Gross earnings have now been stimulated by war activities and already many corporations are showing a tendency to increase wages abnormally and to pay bonuses, a course which seems to me to be unjustifiable. It is true, of course, that increased living costs—so far, fortunately, not great—might appear to warrant this action, but it is essential that war sacrifices should be spread to all classes of the community except the relatively small section which has in recent years been living at a subnormal standard. There are, however, a considerable number of industries (notably pulp and paper) which have had no appreciable profits for years. Many of these enterprises have recently enjoyed marked prosperity, and to such the full force of the Excess Profits Tax applies. It is surely unjust that those industries which, in spite of skillful management, have for years yielded no returns on invested capital, and in many instances failed to earn even bond interest, should now be penalized as compared with other industries which have steadily been earning and paying reasonable dividends but which will, nevertheless, not be liable for corporation taxes in excess of the minimum.

I am aware that legislation provides that in cases where the present schedules operate unjustly the companies may pay their taxes and apply for a review of the situation, and that an able commission has been appointed to act in this regard. Excess Profits Taxes can, in my judgment, be fairly applied only after allowing for reasonable earnings on invested capital. Such allowance is made in Great Britain, where the Excess Profits Tax is 100 per cent as compared with 75 per cent in Canada. No doubt the Board of Review will apply this principle, but I am of opinion that the business community is entitled to have the situation more clearly defined by legislation. I advocate nothing that would tend to reduce total Federal corporation taxes, but I am afraid that the Excess Profits Tax is going to bear unfairly on companies that during the period of the depression have been far from prosperous, as compared with those that have all along given a reasonable return to shareholders. As the Presidency of this bank is my prime business interest, and as the bank certainly does not come within the former category, I shall no doubt escape the charge of special pleading.

Before leaving the question of war taxes, I should like to say that I think the personal income tax has been raised to the full extent that is economically desirable, and that the first reduction in Provincial and Municipal taxes should be by way of eliminating entirely income taxes wherever collected by Provincial or Municipal authorities. I am also of opinion that the tax base can well be broadened by further consumption taxes on many articles in ordinary use, but not of absolutely primary importance.

SAVINGS AND GOVERNMENT LOANS

No matter what drastic schemes of taxation are proposed, it is clear that the Government can only finance its requirements with the aid of substantial borrowing, but such borrowings must be supplied from savings if inflation is to be avoided. This is quite feasible if we are sufficiently in earnest about it, but the danger is that the necessity will not be fully understood, and that individuals, rating their possible contribution as of minor importance, will be inclined to leave the responsibility to others. For this reason, I have noted with great interest the efforts now being made to expand sales of War Savings Certificates. In my opinion, this is by far the most important feature of Government finance. This is not because of the sums involved. The great bulk of our war financing must as usual be by way of bond issues. These will tap the savings of the individuals in the larger income groups, as they are accumulated in banks, insurance companies and other financial institutions, and of industrial corporations through depreciation reserves and surplus earnings. But I feel that it has not been sufficiently emphasized nor understood that savings by individuals in the lower income brackets are essential for another reason of the greatest national importance. Once definite shortages of labour, materials or capital equipment appear, personal savings become imperative. At that stage, only by curtailment in the production of consumers' goods can the production of war materials be increased. But surprising as it may appear, those in the lower income brackets are responsible for a great deal more than half the total purchases of consumers' goods. As far as I am aware, there are in Canada no reliable statistics available on this point, but Mr. J. M. Keynes in his recent pamphlet, "How to Pay for the War", quotes statistics from various sources indicating that those receiving incomes below £250 per annum consume 64 per cent of the total consumers' goods sold in Great Britain. If in Canada we should substitute an annual income of \$2,000 as the rough equivalent of an income of £250 in Great Britain, it would probably not be far wrong to say that two-thirds of our demand for consumers' goods will come from those within this limit. It will at once be apparent that there is no use saying that the working man, now that he has full employment at good wages, should be given a "break". Full use of increased purchasing power would mean that instead of the demand for ordinary goods being reduced, it would be greatly increased, and to that extent would stultify our war effort. But war demands are inexorable, and if those who use the bulk of non-military production will not reduce their demands, the only way the situation can be adjusted is by a rise in the price level proceeding faster than increases in wages.

Mr. Keynes has pointed out that, with effective full employment, whatever the public as a whole save from their income during this period will be net savings; in other words, if buyers persist in bidding for goods which are not available, they will not succeed in increasing the supply but only in running up the prices. They will obtain the same amount of goods and services but at a higher cost. Income saved and safely invested is deferred purchasing power, but the amazing thing is that under the circumstances mentioned, which correspond very closely to our present situation, this deferred purchasing power can be acquired without sacrifice of present satisfactions. This seems to me to be a compelling argument for a compulsory saving plan if the people as a whole do not respond to the present appeal of the War Savings Committee;

otherwise those who are too weak or too selfish to face the issue will have wasted a part of the benefits which would have accrued to the thrifty as well as to themselves.

The surplus income of the higher income groups automatically finds its way into the financial stream, and becomes available to the Government in the form of greatly increased taxes or in subscriptions to War Loans, either directly or through our financial institutions, no new investments being available except those of a strictly essential character.

War Savings Certificates give a higher proportionate yield than War Loan Bonds, and have better safeguards as to availability of capital in the event that it becomes necessary to realize. The small investor is thus offered a prime investment, coupled with a real opportunity to serve the national interest and at the same time to protect himself against future contingencies. If these circumstances were fully and properly explained, the response should be all that could be desired. Employers who do not exert their influence to have all their employees adopt a definite plan of saving will not only have failed in their duty to the nation but in their duty to their employees as well.

An illusion is held by a large proportion of the public, and I am afraid also by many of those connected with the War Savings Certificate Campaign, that all that matters is to sell the maximum amount of such securities, even though payment should come from existing savings. Naturally the investment of existing funds should not be discouraged, but it is fresh saving that is essential; or, to repeat what I have said already, the important thing is to reduce the demand for ordinary goods, thereby increasing our ability to produce war goods.

WAGES

Fortunately, Canada has been largely free from labour disputes since the beginning of the war, and it is essential that neither strikes nor lockouts should be allowed to interfere with production. Until recently no very definite wage policies had been announced. I have been favourably impressed by the recent Order-in-Council providing for the adoption of a standard wage scale supplemented by bonuses as required to meet any rise in the cost of living, such bonuses to apply, however, evenly on a per capita basis and not as a percentage of existing wage rates. This plan was first adopted some time ago in a western coal district, the workers agreeing not to demand reimbursement of such part of the increased cost of living as is represented by new consumption taxes. This is a fine example of the spirit in which labour should approach its war responsibility. Workers can be expected to maintain this attitude if the necessity is made clear to them, and also if they are convinced that equal sacrifices are being made by salaried employees, executives and capital. War-time taxes already imposed would seem sufficient to ensure this but the Government must be continually vigilant to see that all forms of profiteering are sternly repressed, and that unwarranted salaries and bonuses are not paid. The recent announcement that any such abnormal payments will be taxed is an indication that steps are being taken to meet this situation.

SIROIS REPORT

A conference of provincial premiers is being convened this month in Ottawa to consider implementing the Sirois Report. It is not a subject on which unanimity of opinion can be expected, but the main principles laid down can, I think, be

said to commend themselves to most dispassionate and objective observers. I have previously expressed the opinion that income taxes should fall exclusively within the jurisdiction of the Dominion Government. I think also any unprejudiced observer would contend that the very large receipts from succession duties arising from large estates, mainly centred in Ontario and Quebec, should be used for the benefit of the country as a whole. The Maritime Provinces and the West have contributed their share of business brains to Canadian industry and finance, but for obvious reasons, are not likely to retain many of their financially ambitious citizens, although continuing to contribute to their wealth.

If it is logical that these sources of revenue should be surrendered by the Provinces, it would seem that a quid pro quo has been put forward in the Sirois Report. It is first suggested that a complete readjustment of Government finances should be effected by the assumption of Provincial debts by the Federal Government, with a suggestion for a co-operative plan between Dominion and Provincial authorities to keep our financial house in order in future. The Federal Government would also be expected to assume full responsibility for unemployment relief. Unemployment on a large scale was unknown in Canada prior to the recent depression. But no one can be found bold enough to predict that we shall not have a recurrence of this phenomenon when, in the present war economy, "the wheel is come full circle." Our inexperience was accepted as a reason for, if not completely excusing, our mishandling of the problem last time. It will not be again. That the problem is properly a national one can hardly be denied.

There are, of course, two sides to every question. Many doubts will arise as to the ability of the Dominion Government—I am speaking in the abstract and not of our present administration—to rise to such enhanced responsibilities. Fears may reasonably be held of the dangers of the development of a huge bureaucracy through too great concentration of power in a single authority. This argument is bound to be emphasized by those opposed to a change and will carry considerable weight since only time can demonstrate whether

it is valid, but it is to be hoped that the forthcoming discussions can be kept above the level of personal ambitions and sectional interests. If, in the exaltation of common sacrifice, a better plan of Government cannot be found, I greatly fear that it will not be found when peace returns.

CONCLUSION

Last year at this time in discussing the war I said "the very existence of the Empire is at stake. Should it perish moral values will be lost far more important than any material consideration that can possibly be involved." There has been a terrible confirmation of this view during the past year. Daily we hear of German frightfulness in bombing the civilian population of Great Britain and sinking ships at sea without regard for the international rules of warfare. I fear that at times we are inclined to accept, if not excuse, this action as an inevitable part of total warfare, and to forget the other evidences of barbarism unexampled since the days of Genghis Khan,—the bloody tyranny within Germany itself, the steady extermination of the defenceless Poles, the senseless slaughter of 30,000 civilians in Rotterdam, the invasions of Norway, Denmark, Holland and Belgium following solemn undertakings to respect their neutrality, and the wanton destruction of historic buildings and churches sacred not only to the whole English-speaking world but associated with the finest traditions of all humanity. These are things which we must *not* forget if we are to retain a proper appreciation of what we are fighting against. The new world order proposed by Hitler is one in which truth and honour have no meaning, law has no force, human dignity no place; a corrupt and corrupting tyranny, the qualifications for leadership of which embrace the basest traits of man. We are fighting against a return to the Dark Ages more cruel and oppressive because of the greater refinements possible in a scientific age. We must keep these things in mind, if any of us should ever pause to count the cost before throwing all we have into the defence of our way of life. In the immortal words of Kipling:

"What stands if Freedom fall?
Who dies if England live?"

Sir Herbert S. Holt, K.B., seconded the motion and the Directors' Report was then unanimously adopted.

It was moved by Mr. G. MacGregor Mitchell, seconded by Mr. C. S. Riley:—

That Mr. James G. Ross, C.A., and Mr. W. Garth Thomson, C.A., be and they are hereby appointed Auditors for the ensuing year under Section 55 of the Bank Act, and that their remuneration be not more than \$30,000; also that one ballot be cast.

Upon receiving the Scrutineers' Report, the Chairman declared the motion carried unanimously.

It was moved by Mr. G. A. Dobbie, seconded by Mr. N. L. Leach, and resolved:—

That Morris W. Wilson, President, and Sydney G. Dobson, General Manager, of The Royal Bank of Canada, be and they are and each of them is hereby appointed the true and lawful attorneys and attorney respectively of The Royal Bank of Canada for and in the name of the said The Royal Bank of Canada to attend and vote at any and all meetings of the shareholders of Globe Realty Corporation, Limited, and of Canadian Realty Corporation, Limited, and at any and all adjournments thereof, in respect of the shares of the said Globe Realty Corporation, Limited and Canadian Realty Corporation, Limited, respectively, held by the said bank, the foregoing powers to remain in full force and effect until the next Annual General Meeting of The Royal Bank of Canada.

It was moved by Mr. A. B. Wood, seconded by Mr. G. H. Montgomery and resolved:—

That Sydney G. Dobson, General Manager of The Royal Bank of Canada, Edward B. McInerney, Manager of the London, England, Branch of The Royal Bank of Canada and Gordon B. Irvine, Assistant Manager of the London, England, Branch of The Royal Bank of Canada, be and they are and each of them is hereby appointed the true and lawful attorneys and attorney respectively of The Royal Bank of Canada for and in the name of the said The Royal Bank of Canada to attend and vote at any and all meetings of the shareholders of The Royal Bank of Canada (France), and at any and all adjournments thereof, in respect of the shares of the said The Royal Bank of Canada (France), held by the said The Royal Bank of Canada, the foregoing power to remain in full force and effect until the next Annual General Meeting of The Royal Bank of Canada.

It was moved by Hon. A. K. Hugessen, seconded by Mr. D. R. Turnbull, and resolved:—

That the thanks of the shareholders are due and are hereby tendered to the Chairman of the Board, President, Vice-Presidents and Directors for their careful attention to the interests of the bank during the past year.

Mr. Morris W. Wilson replied.

It was moved by Mr. Harold Crabtree, seconded by Mr. Ray Lawson, and resolved:—

That the thanks of the shareholders be tendered to the General Manager and officers of the Bank for the efficient manner in which they have performed their respective duties.

Mr. S. G. Dobson, General Manager, in responding to this Resolution, expressed the appreciation of himself and the Assistant General Managers and Supervisors. Mr. B. O. Moxon, Supervisor of British Columbia Branches, replied on behalf of the Managers and staff.

It was moved by Mr. G. W. MacDougall, seconded by Mr. J. D. Johnson:—

That the following By-Law be enacted by the shareholders and that one ballot be cast.

Be it enacted as a By-Law of the shareholders of The Royal Bank of Canada:

That Shareholders' By-Law No. 4 be and the same is hereby repealed and replaced by the following, namely, By-Law No. 4:

The number of the Directors and the quorum thereof shall be regulated as follows, namely:

- (a) The number of the Directors shall be not less than twenty-nine and not more than thirty-two;
- (b) Until and subject to the extent to which the provisions of Clause (c) hereof shall become effective, the number of Directors shall be twenty-nine;
- (c) From time to time, upon the passing of a resolution of the Board of Directors declaring that it is expedient that this clause (c) should take effect to the extent of so many additional Directors as the resolution may specify, the number of the Board shall be and it is hereby increased by the number so specified, and the vacancy or vacancies in the Board thereby created may be filled in accordance with the provisions of By-Law No. 6 of the By-Laws enacted by the Shareholders, provided that in no event shall the total number of the Directors exceed thirty-two;
- (d) Three of the Directors shall constitute a quorum.

Upon receiving the Scrutineers' Report, the Chairman declared:—

That the Shareholders' By-Law, proposed by Mr. G. W. MacDougall and seconded by Mr. J. D. Johnson, has been enacted and that, accordingly, Shareholders' By-Law No. 4, has been repealed and replaced by a new By-Law No. 4.

It was moved by Mr. P. F. Sise, seconded by Mr. Peter R. Jack, and resolved:—

That a ballot be opened for the election of Directors.

It was moved by Mr. James Wilson, seconded by Mr. F. D. Chapman:—

That the following be elected Directors for the ensuing year, and that one ballot be cast.

Sir Herbert S. Holt, K.B.
Morris W. Wilson
G. H. Duggan
W. F. Angus
A. E. Dymont
John T. Ross
W. H. McWilliams
A. McTavish Campbell
G. MacGregor Mitchell
Stephen Haas

W. H. Malkin
G. Harrison Smith
Paul F. Sise
James McG. Stewart, K.C.
John S. Norris
Gordon W. MacDougall, K.C.
Arthur B. Wood
Howard P. Robinson
Ray Lawson
N. L. Leach

Conrad S. Riley
John Burns
G. H. Montgomery, K.C.
J. D. Johnson
W. C. Woodward
S. G. Dobson
Rt. Hon. R. B. Bennett, P.C., K.C.
Harold Crabtree
G. A. Dobbie

Upon receiving the Scrutineers' Report, the Chairman declared those named elected unanimously.

On motion, the meeting adjourned.

At a subsequent meeting of the Board of Directors, Sir Herbert S. Holt was re-elected Chairman of the Board, Morris W. Wilson, President and Managing Director and G. H. Duggan, W. F. Angus and A. E. Dymont, Vice-Presidents for the ensuing year.

The Executive Committee of the Board was appointed, consisting of Sir Herbert S. Holt, Morris W. Wilson, G. H. Duggan, W. F. Angus, A. E. Dymont and S. G. Dobson.

MARITIME PROVINCES

During 1940, the Maritime Provinces felt the full influence of the war on their industrial activity. The steel industry operated at capacity and in order to meet the enlarged requirement of the steel mills the output of the coal mines was increased. Apple growers lost a large part of their crop through winds and frost and suffered further from the British embargo on apple imports. Fox ranchers also experienced a loss as a result of a similar embargo against their product. Manufacturing was greatly stimulated, mining and lumbering had a fairly profitable year, and fishing, with the exception of the lobster branch, was in an improved condition.

Agriculture again had a successful year in 1940. Wheat, barley and mixed grains were sown to larger areas than in 1939 with increases in the quantities harvested. In general, early seeded grain did well but the late crops suffered from excessive moisture and were harvested in only fair condition. The oat crop was slightly smaller—14,770,000 bushels as against 14,864,000 bushels in 1939. Buckwheat also brought somewhat smaller returns. The hay crop, of excellent quality and larger than in 1939, is valued at \$19,675,000 as compared with \$18,310,000 for the 1939 crop. The price for pressed hay is unchanged. The area sown to potatoes in the three provinces was augmented by some ten thousand acres; latest estimates place the yield at 13,788,000 cwt. as compared with 11,512,000 cwt. in 1939. Demand for potatoes in 1940 was poor with prices about 50 per cent lower than the previous year. The turnip crop of 9,400,000 cwt. was larger than the 8,202,000 cwt. harvested in 1939, demand is fair and prices are favourable. Other crops brought increased yields. The value of all field crops increased by \$202,000 in Nova Scotia but decreased \$2,508,000 in Prince Edward Island and \$2,195,000 in New Brunswick. For all three provinces the total is estimated at \$40,083,000 against \$44,584,000 in 1939 and \$37,306,000 in 1938.

A violent storm in late September destroyed upwards of 40 per cent of the apple crop leaving a net yield of about 970,000 barrels. This was further depleted by a severe frost in October which damaged about 125,000 barrels of the fruit. An agreement with the Dominion Government consummated early in 1940 guaranteed the growers a price equal to 80 per cent of the average for the years 1936, 1937 and 1938, for a maximum quantity of 1,147,000 barrels, the Nova Scotia Apple Marketing Board undertaking to market 100,000 barrels independent of the agreement. It is estimated that 500,000 barrels will be processed at a cost to the Dominion Government of \$1,000,000.

The total number of livestock on farms decreased during 1940. On June 1st there were 23,200 more hogs and 1,620 more horses but the number of cattle declined 23,400 and of sheep 3,200 from 1939. Beef supplies are in fair demand with increases in both price and quality. Output of creamery butter during 1940 was 11,896,158 pounds against 11,571,064 pounds in the 1939 period. Factory cheese production was 1,256,262 pounds and 1,026,068 pounds respectively.

The silver fox industry showed no improvement over the poor results of 1939 and is now considered an industry of secondary importance in Prince Edward Island. Approximately 65,000 furs were sold at an average price of \$18 per skin; this barely covers the cost of production. The embargo placed on the import of pelts by Great Britain has worked

great hardship on the industry and all marketing will have to be done in Montreal and New York. The number of foxes on farms during the current season is expected to be one-third less than last year as only high quality animals are being retained.

Improved conditions have been widespread in manufacturing. War industries operated at capacity and many peacetime enterprises have recorded creditable advances. Output of pig iron in the first eleven months totalled 360,000 long tons in 1940 against 228,000 tons in 1939. The steel plant at Sydney has operated at its full rated capacity since the beginning of the war with a third blast furnace being brought into production early in 1940. The output of steel ingots during the eleven months ended November 30, 1940 was 510,000 gross tons against 365,000 tons in the 1939 period. Allied products made corresponding advances. Great Britain's demand for steel rods, billets and various semi-processed goods continues strong. Textile and knitting mills operated at satisfactory levels and the newsprint industry had a very successful year in 1940 though at the end of the year it showed signs of recession from the levels attained earlier in the year. Small manufacturing concerns working for local consumption had a successful twelve months.

Nova Scotia's coal production increased 14.7 per cent reflecting the accelerated activity in the steel industry. Output during the first ten months of 1940 was 6,443,174 tons as compared with 5,620,190 tons in the 1939 period. Production in New Brunswick also increased from 345,760 tons in 1939 to 398,490 in 1940. Demand at the year's end was brisk with good prospects for 1941. Minor labour troubles interfered with last year's output to some extent. Gold production in Nova Scotia showed some falling off from the record output of 1939. Gypsum and salt were also mined in considerable quantities.

Great Britain's increased demand for Canadian lumber caused a general improvement in the Maritime Provinces lumber industry during 1940. The price, fixed by the British Timber Control Board at \$26 per thousand feet, board measure, permitted profitable operations. Contracts for 1941 call for a reduction by about one-third in shipments but the price has been increased \$4 per thousand. The United States and domestic markets are active and operators are being encouraged by the Canadian Timber Controller to increase their output. Substantial purchases of pitprops were made by the British Timber Control Board during the year.

Norway's involvement in the war and the restriction of shipping by the British blockade caused a substantial improvement in the dried fish industry. While Italy and Greece were lost as markets, Spain and Portugal are still making purchases and demand from the West Indies and Brazil has been good with prices steady. In the lobster fishery, conditions were poor. Stormy weather discouraged fishermen risking their gear in view of the low prices prevailing and landings were small. Quotations in Boston fell from 30 cents per pound early in the year to a low of 8 cents, or about 50 per cent of production costs. It is estimated that the 1940 pack will not exceed 58,000 cases as against 86,000 cases in 1939. Pickled fish supplies were fairly heavy with demand quite poor until late in the year. The fresh fish industry had a prosperous year, demand exceeded supply and prices were good, the requisitioning of trawlers for war work having

reduced the catch. Landings of all fish in the Maritime Provinces during the first ten months of 1940 totalled 427 million pounds valued at \$7,261,112 as compared with 454 million pounds and \$7,317,526 in the 1939 period.

Construction contracts awarded in 1940 totalled \$21,142,100 as compared with \$16,146,300 in 1939. Tourist traffic in 1940 showed a considerable decrease from the previous year; the number of visitors from the United States was greatly reduced from former years but this was partially offset by the larger numbers of visitors from other parts of Canada. Retail trade showed a considerable improvement over 1939 and the volume of wholesale trade was moderately higher. The port of Halifax has become one of the busiest in the world while Saint John and Sydney are handling much more business than usual.

QUEBEC

In the Province of Quebec business conditions during 1940 were generally good. Agricultural returns were less satisfactory than in 1939; most crops declined in volume and prices were low. Mining operations continued to expand, output attaining new record levels. Manufacturers reported increased activity with many plants operating at capacity. Wholesale and retail trade was good, department stores reporting a substantial increase in sales. The port of Montreal opened five days earlier than in 1939 but about a week later than average. Considering war conditions, traffic at the port was well maintained; commodity tonnage decreased only 13 per cent and revenue rose by about 10 per cent. Fewer vessels arrived and passenger traffic declined for the fourth consecutive year.

A late spring again delayed agricultural operations and seeding was later than usual. Cold wet weather continued throughout June and crops developed slowly. The hay crop was smaller than in 1939 and of poor quality. Acreages sown to wheat, oats and most other grains were reduced with an increase reported for fodder. Prices for farm products continued low, and with reduced yields the value of all field crops, according to the official estimate, declined 3.5 per cent to \$89,531,000 in 1940 as compared with \$92,740,000 in 1939.

The area sown to tobacco was reduced from 14,330 acres in 1939 to 13,980 acres, decreased planting of flue-cured, dark, and pipe type tobaccos being only partially offset by the increase in the area sown to cigar leaf. Yields varied, the total outturn in 1940 being 13,980,000 pounds against 14,330,000 pounds the previous season.

The quality of the apple crop was good with sales in domestic markets heavy. The yield, estimated at 230,000 barrels, was 32 per cent below the record 1939 crop of 337,000 barrels. Small fruits gave varying returns; the output of raspberries increased 25 per cent while strawberries decreased 50 per cent.

Pasturage was generally good and livestock did well. With the exception of hogs whose numbers increased by 25 per cent, the number of animals on farms showed only small variations from 1939. Dairy production was well maintained. The output of creamery butter decreased 7.8 per cent from 79,793,000 pounds in 1939 to 73,601,125 pounds in 1940, but factory cheese production for the same period increased 26.5 per cent—33,228,244 pounds being produced in 1940 against 26,271,420 pounds in 1939.

Quebec maintained its position as Canada's second largest mineral producing province. Output for the year is estimated

at \$85,000,000, a new record; this compares with \$77,335,000 in 1939. Metals accounted for most of the increase. Among the thirty producing mines in the district, five produced copper and two zinc as well as gold and silver. Gold output during the first eleven months of 1940 totalled 928,914 ounces against 871,347 ounces in the 1939 period. Silver production increased to 1,201,159 ounces as compared with 1,061,666 ounces in 1939. During the first eleven months of 1940, 316,614 tons of asbestos were mined as compared with 332,080 tons in 1939. Quebec, once the sole producer of this mineral, still retains the leadership but now supplies only about 52 per cent of the world total. A new industrial product from Quebec mines was placed on the market in 1940, the first garnet concentrating plant in the province having been opened at Labelle last summer. The output of building materials showed substantial increases; up to November 30, 1940 clay products were valued at \$1,466,151 against \$1,199,743 the previous year; lime production was 210,318 tons against 143,907 tons, and 3,700,442 barrels of cement were produced as compared with 2,923,210 barrels.

Manufacturing operations in Quebec reflected the great stimulus of war. Cotton and woollen textile mills worked at capacity during 1940 and at the year's end, hosiery mills were fully occupied. Leather boot and shoe factories had a busy year with production greater than in 1939. Greatly improved exports of Canadian flour benefited the milling industry. Those industries directly engaged in supplying our armed forces made by far the biggest advances. There was a resurgence of activity in the shipbuilding industry as orders for many types of vessels were placed by the Dominion Government. The production of armour plate, tanks, aeroplanes, shells and other munitions was either commenced or greatly expanded. The output of chemicals and allied products attained new peaks. Taking advantage of the absence of supplies from Europe, the pulp and paper industry showed a marked recovery but operations only averaged 72 per cent of effective capacity. Output up to November 30th comprised 3,165,906 tons as compared with 2,628,610 tons at the corresponding date in 1939. Shipments kept pace with the increase in production so that no accumulation of mill stocks occurred. The output of central electric stations during the first eleven months of 1940 was 14,663 million kilowatt hours against 13,888 million during the corresponding period of 1939.

Lumber operators had a satisfactory year in 1940 with demand improved in both domestic and export markets. Stocks at the end of the year were light and woods operations during the current season are on a substantially larger scale than last winter. As Great Britain was unable to secure supplies from Scandinavian and Baltic countries Canada has become her chief source and Quebec, because of its propinquity to the Atlantic, has had a good share of this business. Prices generally showed an upward trend. The demand for pulp-wood during 1940 was good with prices fair. A large cut is anticipated again this year in view of the increased activity of the pulp and paper mills.

Construction contracts awarded increased 53 per cent, having a value of \$96,326,300 last year as compared with \$62,846,600 in 1939. The majority of the increase was in industrial building with business construction accounting for the remainder. Contracts let for engineering works and residences declined.

ONTARIO

Industrial activity in Ontario was at a high level throughout 1940. A temporary lull at the beginning of the year resulted from the abnormal buying following the outbreak of war, but after this adjustment business increased steadily. A marked advance followed the capitulation of France when war industries increased their operations to the utmost. While a few industries have been adversely affected, the majority have been greatly stimulated by the war; the iron and steel industry, brass foundries, machinery, electrical apparatus, machine tool, rubber, chemical and many other plants are operating at capacity. Shipyards are the busiest they have been since the Great War and the aircraft industry is making rapid strides. Flour milling has been active, exports showing a substantial increase. The automotive industry operated at the highest level since 1929 producing 199,620 units in the first eleven months as compared with 186,348 units during the corresponding period of 1939. In order to operate at these levels, power consumption in Ontario increased to 9,770 million kilowatt hours as against 8,811 million to the end of November 1939. Increased industrial activity has alleviated the unemployment situation to such an extent that all now receiving relief may be classed as unemployables. There are definite shortages of skilled artisans and in some districts a shortage of unskilled labour is developing. On November 1, 1940, the index of employment stood at 142.5 (1926=100) the highest in history as compared with 124.4 on the same date in 1939.

Ontario, the principal mineral producing province in Canada, is estimated to have set a new production record of about \$300,000,000 in 1940. This amount represents well over half the Dominion's total mineral output and compares favourably with the former peak of \$232,520,000 recorded in 1939. In 1938, the output had a value of \$219,925,545 and in 1937, \$230,042,517. The major portion of the increase may be attributed to the gold producers, whose product is so necessary for meeting our commitments in the United States, and to the many mines which supply metals essential for war production. Ontario now has sixty-four producing gold mines. During the first eleven months of 1940 they handled 10,690,147 tons of ore as compared with 9,771,898 tons in the 1939 period. The value of gold recovered was \$111,721,012 as compared with \$99,241,486 the previous year. The nickel copper industry had its most active year in history during 1940; more nickel was sold than in any previous year and all the copper produced is being consumed, 80 per cent in Great Britain and the remainder in Canada. Iron ore was produced at the New Helen mine in the Michipicoten area, the extraction of this ore having been recommenced in 1939 after a lapse of 16 years. Mining companies extended themselves towards maximum production as a special war effort, but very little prospecting for new mines was undertaken during 1940.

Very favourable growing conditions were enjoyed by agriculturalists until mid-summer. However, unfavourable weather set in late in the season and rains delayed harvesting operations, so that most grain crops seriously deteriorated. The area sown to fall wheat was higher at 775,400 acres against 735,000 acres in the previous year, with the result that a larger crop was harvested, 22,099,000 bushels against 22,271,000 bushels in 1939 in spite of a slight decline in average yields. Other grain crops showed only minor changes; 86,554,000 bushels of oats were harvested, a slight decrease from 1939 due to the smaller acreage. The yield of potatoes was poor

for the third year in succession, blight rot was serious and freezing temperatures during the latter half of October caused damage to potatoes still in the ground. Production totalled 6,753,000 cwt. as against 7,247,000 cwt. in 1939, 7,456,000 cwt. in 1938 and 10,090,000 cwt. in 1937. Higher yields of sugar beets produced a larger crop in 1940—401,000 tons against 343,000 tons in 1939—from a smaller area sown, 38,200 acres as compared with 39,900 acres the previous year. Output of turnips, mangels, etc. was the largest since 1928; hay and fodder supplies increased by more than 200,000 tons. Prices for most products were lower so that the value of all field crops declined to \$140,680,000 from \$156,260,000 in 1939.

Orchards did poorly in 1940. Apples, of only average quality, yielded but 636,600 barrels against 1,010,500 barrels in 1939. The loss of the British market made it difficult to dispose of even these small supplies and prices declined. The grape crop, one-third smaller than in 1939, was marketed with ease. The yield of cherries was below average; wet weather caused fungus on the trees, a condition which will probably affect the 1941 crop. Plums and berries were gathered in larger quantities but the peach crop was 30 per cent smaller and pears also decreased in quantity.

Reduced acreage and early frosts resulted in the smallest tobacco crop since 1936, almost two-thirds smaller than the record yield of 1939. Production of flue-cured tobacco in 1940 is estimated at 24,000,000 pounds against 75,294,000 pounds in 1939. Quality, however, was somewhat better and prices rose to 20.5 cents per pound from 19 cents the previous year. The area planted to this type of tobacco was 42,350 acres; the average yield fell 50 per cent to 570 pounds per acre. The burley crop decreased from 15,248,000 pounds in 1939 to 11,000,000 pounds last year. Quality was poorer and the prevailing price 12.1 cents per pound against 13.7 cents in 1939. Practically all the carry-over from 1939 has been sold but prospects for the sale of present supplies are only fair as export possibilities remain unsettled due to Great Britain's import restrictions.

Livestock holdings increased, the number of cattle on farms at June 1, 1940 totalling 2,518,400 compared with 2,488,000 on June 1, 1939. Cattle prices advanced with the cost of feed also higher. Demand for both beef and dairy cattle was steady but exports to the United States decreased to 47,906 head in 1940 as against 71,368 head in 1939. Shipments of calves also showed a slight decline. Ontario's hog holdings increased to 1,997,900 on June 1st from 1,546,100 the year before; since then, however, an epidemic of hog cholera has caused large numbers to be destroyed. The 1941 bacon agreement with Great Britain calls for shipments of 8,176,000 pounds of Wiltshire sides weekly; this will require the slaughter of 3.6 million hogs as against 2.5 million under the 1940 agreement. Prices for hogs in 1940 were lower than in 1939 and the reduction in the price which Great Britain will pay for bacon during 1941 may cause a further decline. Production of creamery butter was 87,033,724 pounds in 1940 compared with 88,243,837 pounds in 1939. Factory cheese output was 97,353,795 pounds in 1940 and 88,518,455 pounds the previous year. Last year Canada shipped some 90 million pounds of cheese to Great Britain; under the new agreement at least 112 million pounds will be shipped during 1941.

Proceeding cautiously following the outbreak of war, lumber producers did not greatly increase their output in the 1939/40 season. However, the demand for softwoods was abnormal, dried lumber stocks were soon exhausted and green lumber was shipped for immediate use. Hardwoods moved freely after August and stocks are somewhat depleted. Prices have advanced. The cut of pulpwood, softwoods and veneer logs was substantially greater, increased costs being offset by higher prices.

Construction contracts awarded in Ontario increased 77.7 per cent during 1940 to \$146,806,100 as compared with \$82,605,500 in 1939. A large part of the gain was in the industrial group where the value of contracts rose 277 per cent to \$55,055,500. Engineering and business construction contracts also recorded substantial advances but residential building declined 8 per cent.

Retail merchants enjoyed a good year, department store sales attaining a new high. The drop in tourist traffic affected retail business throughout the province but the increased number of persons employed has increased resident purchasing power. Wholesale trade showed a 15 to 30 per cent increase in turnover. Late summer and early autumn weather conditions adversely affected seasonable merchandise but the cold weather brought an acceleration to business. The outlook for steady wholesale business is good as retailers are not overstocking.

PRAIRIE PROVINCES

In 1940, agriculturists in the Prairie Provinces enjoyed, on the whole, the most favourable conditions for many years. The volume of production was generally good, the wheat crop being the largest since the record crop of 1928. Increased areas were sown to wheat in all three provinces, the combined total being the largest in history, 27,750,000 acres. Moisture was ample and higher yields were reported in both Manitoba and Alberta. In Saskatchewan and Manitoba, yields were slightly below 1939 but were above average; with the increases in acreage sown, both Provinces had comparatively large crops. The wheat harvest in Alberta was the largest in history, being placed at 187 million bushels. The total quantity of wheat harvested is officially estimated at 525 million bushels, the second largest on record. In 1939 the crop amounted to 494 million and the record established in 1928 was 545 million bushels. Prices for all farm products continued low but this was offset so far as the wheat grower was concerned by the Dominion Government's guarantee through the Wheat Board of a fixed minimum price of 70 cents per bushel on the basis of No. 1 Northern in store at the head of the Lakes. In spite of the general improvement in the Prairie Provinces, the total value of all field crops is reported to be \$17,898,000 smaller in Saskatchewan than in 1939; Alberta recorded a gain of \$6,787,000 and Manitoba of \$483,000. The official estimate of the value of field crops in the three provinces is as follows:

	1938	1939	1940
Manitoba.....	\$ 54,208,000	\$ 60,283,000	\$ 59,800,000
Saskatchewan.....	104,752,000	190,827,000	172,979,000
Alberta.....	122,148,000	126,947,000	133,734,000
Total.....	\$281,108,000	\$378,057,000	\$366,513,000

In all three provinces autumn and winter precipitation was below normal and the subsoil moisture had been depleted by the heavy 1939 crop. Snow and rain in the early spring generally provided a fair supply of surface moisture. Seeding operations, particularly in southern Alberta and Saskat-

chewan, were delayed because of rains in May but, on the other hand, germination and the early development of the crop were aided by this moisture and the absence of extreme heat. On the whole, the weather in June and July was excellent for growth though in the southern and south-eastern parts of Alberta lack of rain and excessive heat in June caused some deterioration. Harvesting progressed satisfactorily during August and September and in both Manitoba and Saskatchewan threshing was practically completed by the end of the latter month. In Alberta, it extended well into October when general rains caused a serious setback in harvesting and lowered grades. Damage from grasshoppers, drought and heat, stem rust, sawfly, hail and frost were moderate in the Prairie Provinces as a whole, though some isolated districts suffered quite severely. Yields of coarse grains in both Manitoba and Saskatchewan were disappointing; in the former, output was about the same as in 1939 while in the latter, the oat crop was 17 million bushels smaller. Alberta recorded an increase of 21 million bushels of oats and 5 million bushels of barley. The following table gives the latest official estimates of the production of the principal grains in the three provinces, with comparative figures showing the final estimate for the previous season:

	Wheat		Oats		Barley	
	1939	1940	1939	1940	1939	1940
	(thousands of bushels)					
Manitoba.....	61,300	66,000	34,500	33,000	28,000	27,500
Saskatchewan.....	271,300	272,000	112,000	93,000	26,000	23,500
Alberta.....	161,400	187,000	85,000	103,000	27,000	32,000

The fixed minimum price guaranteed by the Dominion Government was the same in 1940 as in the previous year but deliveries were not so rapid as in 1939. This was due to the shortage of storage space. The carryover from the 1939/40 season established a new high at 301 million bushels so that Canada's total wheat supplies this season approach 850 million bushels—nearly twice the storage capacity of our elevator system. To meet this situation additional space was hastily added to existing elevators and deliveries were regulated by a quota system established by the Canadian Wheat Board in order to give all farmers an opportunity to market part of their crop. The minimum allowed was first set at five bushels per seeded acre but was later raised to eight, ten and finally to twelve bushels. In more favoured sections where storage facilities were not so congested, larger quotas, up to twenty bushels per acre, were allowed. Total receipts at country elevators from August 1st to December 31st were 285 million bushels against 361 million bushels for the same period in 1939. The quality of the wheat was exceptionally high, returns indicating that 90 per cent of the grain inspected came within the contract grades, the same as last season and as compared with 84 per cent at the same date two years ago. World supplies of wheat are again of record proportions, decreases in crops being more than offset by the larger carryover, so that export demand was slow. Overseas shipments from Canada from August 1st to December 31st amounted to only 39 million bushels; the corresponding total in 1939 was 55 million bushels. Total exports for the crop year are not expected to exceed 200 million bushels. Visible supplies of wheat were 493 million bushels on December 31, 1940, a substantial increase over the total of 349 million bushels for the corresponding date in 1939.

The potato crop in Alberta and Saskatchewan showed an improvement but the Manitoba crop was even smaller than

the poor one of 1939. The total yield of potatoes was estimated at 6,194,000 cwt. in 1940 against 4,956,000 cwt. in 1939 and 7,290,000 cwt. in 1938. The turnip crop was poor. The combined hay and fodder crops in Saskatchewan were smaller; in Manitoba and Alberta a substantial increase was reported. Sugar beets were grown in Manitoba in 1940 for the first time; from 16,000 acres sown, 112,000 tons were produced with a value of \$644,000. The area planted to this crop in Alberta was increased from 21,600 to 23,900 acres and production rose from 262,000 to 334,000 tons.

Fall precipitation in all three provinces was heavier than in 1939 and moisture reserves in general are satisfactory. Weather in Manitoba was favourable for fall ploughing with a large area being completed before the freeze up. In Saskatchewan ploughing was also more extensive than in the fall of 1939.

With a relatively mild winter in all three Prairie Provinces in 1940 and an abundance of feed supplies, livestock wintered well. Sufficient rainfall kept the pastures in good condition throughout the grazing season with the stock coming off the ranges in good shape. The number of animals on farms increased in all three provinces, hogs by 50 per cent. The new bacon agreement for 1941 should provide a continuous outlet for the larger hog holdings although prices paid to farmers will likely be lower than in 1940. Demand for cattle from the United States was smaller than in 1939 and the full import quota was not shipped. Dairy operations were well maintained. The output of creamery butter was 85,529,732 pounds in 1940 against 81,674,203 pounds the previous year, and of factory cheese, 7,513,109 pounds last year as compared with 6,033,934 pounds in 1939.

Mining operations in Manitoba were well maintained during 1940, but due to the unsettled conditions arising from the war, prospecting fell off to a marked degree and no new discoveries of any importance were reported. The Hudson's Bay Mining and Smelting Company continued to operate at capacity, milling a greater tonnage than in 1939. This company is participating in the contract with the British Government for copper and zinc whereby the major portion of its production is to be delivered to Great Britain for the duration of the war. The Sherritt-Gordon Mines continue to operate at capacity on a normal basis of about 1,800 tons per day. The East mine went into production during the third quarter of 1940 and a substantial part of the tonnage milled was drawn from that source. The San Antonio, God's Lake, and Gunnar Mines all produced steadily. Gold output in Manitoba and Saskatchewan during the first nine months of 1940 totalled 188,066 ounces against 191,300 ounces in the 1939 period.

Coal production in Saskatchewan to October 31st amounted to 745,081 tons in 1940 as compared with 695,390 tons at the same date in 1939. In Alberta, output increased substantially from 4,228,900 tons in the first ten months of 1939 to 4,693,323 tons during the same period last year. The position of the Alberta industry is uncertain and operators are endeavouring to expand their present negligible shipments to Eastern Canada.

The most intensive development work in the Turner Valley since 1936 is now in progress. Twenty-five wells are being drilled with some near production and others on test. Demand for oil in the Prairie Provinces during the peak period of 1940

taxed the capacity of Alberta wells. Production is under the control of the Conservation Board and the present daily allowable output at Turner Valley, covering 121 producing wells, is 25,400 barrels. Production in the first ten months of 1940 was 6,813,347 barrels, an increase of about 400,000 barrels over the 1939 period. Refining capacity was increased substantially during 1940; a new development was the preparation to manufacture aviation gasoline.

Manufacturing operations were considerably expanded during 1940. Flour mills enjoyed a better demand for their product in both domestic and export markets and many operated at or near capacity. The output of packing plants was enlarged. The many small industries of a local nature reported greater activity than in 1939 and in Winnipeg twenty-five new small concerns began production during the first ten months of the year. A beet sugar refining plant began operations in that city during 1940.

Wholesale and retail trade in general was better than in 1939. The largest advances were reported during the early part of the year due to the increased purchasing power resulting from the large 1939 grain crops. The quota system of wheat storage for 1940 tended to reduce purchases during the last four months of the year to about 1939 levels. Stocks of merchandise on hand are reported about the same as in 1939. Prospects appear reasonably favourable.

BRITISH COLUMBIA

Business in British Columbia during 1940 generally reflected the stimulating effects of war and recorded a substantial improvement over 1939. Agricultural production was well maintained and the mines operated at capacity to meet war requirements. Exports of lumber were at a high level as Canada became the chief source of supply for Great Britain. The fishing industry was maintained at a satisfactory level, the renewed activity in the canning of herring being particularly noteworthy. Manufacturing and employment have made a marked advance which in spite of higher taxes has resulted in increased consumer purchasing power as reflected in the more active wholesale and retail trades.

Agriculture was carried on with good results, weather conditions in general being satisfactory. The somewhat greater area sown to field crops and good average yields resulted in slightly larger returns to farmers. Estimates place the quantity of wheat harvested at 1,999,000 bushels as compared with 1,875,000 bushels in 1939. The output of oats, rye and alfalfa declined, but other field crops showed varying gains. Despite decreases in the average price for most of these products, their aggregate value rose from \$14,343,000 in 1939 to \$14,421,000 in 1940.

The past season was a successful one for fruit growers. British Columbia produced 2,032,800 barrels of apples or 52.8 per cent of the Canadian crop in 1940 as against 2,069,400 barrels and 35.7 per cent respectively in 1939. Decreases were reported in the output of pears, cherries, plums and prunes, but larger yields were recorded for peaches, apricots, grapes and all varieties of berries. As no apples were shipped to Great Britain last Autumn, the unsold stocks are about 19 per cent higher; however, increased attention has been given to other markets with good results. Sales to the United States have quadrupled. The domestic market for apples has been encouraging.

The winter of 1939/40 was mild in the ranching districts with grazing good well into the new year. An early spring improved the ranges rapidly but a long hot spell followed during the summer. Livestock came off the ranges in fair condition. Most ranchers had a successful season in both cattle and sheep and have increased their holdings. Cattle sales were good; the average price rose slightly over 1939. The sheep market held firm with no change in price. Production of creamery butter during 1940 was 6,135,056 pounds against 6,086,023 pounds in 1939. Factory cheese production for the same period declined 19.6 per cent from 921,951 pounds in 1939 to 741,502 pounds in 1940.

The mining industry in British Columbia has reacted favourably to the war stimulus, the value of output being approximately \$71,500,000, a new record and about \$6,000,000 more than in 1939. The demand for base metals has been strong and many of the leading mines have increased their output. Some new properties have been opened and others that have been dormant for years are again being worked. In base metal mining inroads have been made into reserve stocks resulting in an actual scarcity of zinc; this condition has also spread to copper. Coal production during the first ten months of 1940 totalled 1,517,902 short tons against 1,297,582 short tons in the 1939 period.

Logging operations were maintained throughout the year on a full scale basis due to the steady demand for lumber in Great Britain. The total cut in 1940 set an all-time record, being officially estimated at 3,693 million board feet. The value of all forestry production is placed at approximately \$100 million. Present indications are that the volume of lumber shipped during 1940 did not fall far short of the 1939 record. At the beginning of the year, there was considerable embarrassment due to a scarcity of ships but the situation was overcome in March by arranging to forward lumber by rail for transshipment from Atlantic ports. This movement reached a monthly volume of 50 million board feet in October. Shipments of British Columbia lumber to California have increased with prospects of a fairly steady market. Larger sales have also been made to South Africa and the British West Indies, but import restrictions have curtailed shipments to Australia and New Zealand. Domestic sales, stimulated in the summer and autumn by orders placed by the Department of Munitions and Supply, considerably exceed the total for 1939. Orders for lumber presently held should enable the mills to operate at capacity well into the coming spring. During the first nine months of 1940, 2,507,413 squares of shingles were shipped as against 2,815,500 squares in the 1939 period. The United States import quota of 2,371,544 squares was filled early in October automatically placing a duty of 25 cents per square on shingles for the remainder of the year.

The 1940 pack of canned salmon was 1,439,400 cases as against 1,514,000 cases in 1939. Sockeye, below normal in 1939, increased by 90,000 cases in 1940, chums by 250,000 cases. Pinks, however, declined from 618,700 cases in 1939 to 213,320 cases in 1940 and other varieties showed little change. Prices varied, for sockeye and coho they were lower, for pinks and chums they were somewhat higher. The anticipated difficulties in exporting canned salmon to Great Britain did not materialize and practically the entire pack has been marketed. Herring canning, an industry revived on the Pacific Coast by the war, reported a pack of 396,537 cases as at November 23rd. This compares with 400,000 cases in the whole of 1939.

Halibut landings at Prince Rupert totalled 18,589,194 pounds, an increase from 1939 when 17,386,500 pounds were landed. Due to the requisition of six of the largest boats in the fleet by the Royal Canadian Naval Reserve, the Canadian catch declined to 7,379,254 from 8,063,600 pounds in 1939; in value, however, it increased by \$118,000. Because of the Dominion Government's prohibition on exports, the output of dry salt salmon and herring has been small. Fish reduction plants also report curtailed output as the pilchard catch totalled only 27,000 tons as compared with a normal catch of 50,000 tons and a large proportion of the herring catch has been canned.

During 1940 pulp and paper plants operated at capacity with production far in excess of 1939. Manufacturing generally reported a rise of about 15 per cent; some lines such as ship-building, textiles and boots and shoes more than doubled their output. The building industry was active; construction contracts awarded in 1940 totalled \$17,224,800 as compared with \$11,724,700 in 1939.

Wholesale trade was good with a larger volume of sales and prices generally higher. Retail trade was variable until the end of the summer; sales were definitely higher during the latter months of the year. Employment conditions were more satisfactory; the number of employables unemployed declined 57 per cent and relief costs were 35 per cent lower as at September 1940. The tourist trade encountered many difficulties but the number of automobiles entered declined only 13 per cent as compared with a 10 per cent drop in domestic travel in the United States. There was a marked increase in travellers from other provinces. Shipping tonnage arriving and departing from Pacific Coast ports declined. Grain shipments from Vancouver fell from 41,444,734 bushels in the 1938/39 crop year to 9,650,437 bushels in 1939/40; the movement of flour was also small. The trans-Canada rail route had to be utilized to facilitate lumber exports because of the lack of available shipping space.

NEWFOUNDLAND

Newfoundland's catch of codfish declined to 920,000 quintals in 1940 as compared with 1,055,236 in 1939 and 1,147,125 in 1938. This was the smallest catch in many years. The reduction occurred mainly in the Labrador and Inshore fisheries, which declined 78,000 and 56,000 quintals respectively. Some 50,000 quintals of the Inshore catch were exported fresh frozen to Great Britain. This trade, inaugurated in 1939 when 10,000 quintals were shipped, was made possible by the withdrawal of the British trawler fleet for war duties. Local cold storage operators combined their resources to cope with the strong demand. The business brings a slightly higher price to fishermen and requires no Government subsidy. Production of dried codfish in 1940 was 190,000 quintals below average and 165,000 less than in 1939. Payments under the Government's price guarantees declined to \$100,000 in 1940 from \$600,000 in 1939.

Prices were, on average, about the same in 1940 as in 1939. Market prospects for dried codfish are fairly promising. The outlook for the Brazilian market is for increased trade and better returns; Norway being out of active competition is an important factor. The re-opening of the Spanish market with an initial contract for 117,000 quintals greatly offset the loss of Italy's 150,000 quintal trade. Portugal and the West Indies remain good markets, the latter during the past few years being the biggest factor in disposing of Newfoundland codfish.

Exports of dried codfish in 1940 were 966,421 quintals valued at \$4,764,222 as compared with 998,393 quintals and \$4,379,826 in 1939 and 795,517 quintals worth \$3,958,128 in 1938.

Herring reduction has not been very profitable. The three year old venture is being continued but operations are restricted. The pack of Scotch-cure herring, again based on a quota of 25,000 barrels, has been entirely sold under futures contracts to American buyers. The lobster catch increased with early market preferences for the live fish. Demand for canned varieties later strengthened but stocks were low. Salmon landings were larger than in 1939 and exports increased by some 400,000 pounds. The seal fishery recovered, the catch numbering 159,687 against 97,345 in 1939. Net returns were \$205,030 as compared with \$149,399 in the previous year. Five Norwegian vessels also took 50,000 seals.

Newfoundland ranks seventh among the world's newsprint producers. Conditions in the pulp and paper industry were well ahead of 1939 with operations maintained at capacity throughout the year. Production for eleven months of 1940 amounted to 324,594 tons and shipments were 339,368 tons. The respective totals for 1939 are 281,728 tons and 253,449 tons. Newsprint is the most important item in Newfoundland's export trade. Forecasts place this winter's cut of pulpwood and pitprops at 745,000 cords against 690,000 cords last year. This will be the largest cut in many years. Other manufacturing plants, producing for home consumption, are operating well ahead of 1939.

Operations at the Bell Island iron mines, except for one six weeks' period, were at capacity in 1940 and estimates place the year's shipments at 1,697,900 gross tons as compared with 1,404,000 tons in 1939. Germany, the chief market for ore in 1939, taking 674,678 tons, has been replaced by Great Britain which purchased 912,000 tons in 1940 as against 188,710 tons in 1939. Sydney smelters increased their imports of the ore by about 248,000 tons to 762,000 tons in 1940. The value of all shipments was \$4,840,000 in 1940 and \$4,200,000 in 1939. Maintenance of the present rate of production, however, depends upon shipping facilities. The Buchans Mines also operated at capacity in 1940 and no early abatement is anticipated.

Retail trade in 1940 showed some improvement over 1939, and wholesale trade, which was slow early in the year, gradually improved to a position equal to the active period in the autumn of 1939. Construction was active due to the large volume of private contracts as well as extensive military and other defence undertakings. In St. John's, however, the volume was slightly smaller than in 1939. War-time operations and the concomitant industrial activity improved the employment situation considerably. The cost of relief payments and the number of recipients are both considerably reduced. Imports during the fiscal year ended June 30, 1940 were valued at \$28,421,897 against \$24,460,618 in 1939. The value of exports for the same fiscal years was \$33,393,845 and \$31,987,344 respectively.

WEST INDIES

The extension of the war area in Europe has seriously reduced the market for many tropical products and has adversely affected conditions in Haiti and the Dominican Republic. On the other hand, the British West Indies have been assured an outlet for several of their staple exports for the duration of the war. The future situation in a number of the British West Indian islands will be greatly affected by the recent transfer of naval bases to the United States. On September 3rd, it was announced that Great Britain would make available to the United States facilities for naval and air bases in the Bahamas, Jamaica, St. Lucia, Trinidad, Antigua and British Guiana, in exchange for naval and military equipment

and material. These bases are leased to the United States for 99 years free from all rent and charges other than compensation to be paid by the United States to the owners of private property affected. Surveys of these bases have already been begun by United States experts.

Trade in the British West Indies in 1940 was below that of the previous year, but credit and collections have continued satisfactory. Rigid governmental control of both exports and imports has remained in force and the volume of foreign trade in both directions has declined. Imports from Canada have increased, at the expense of both Great Britain and the United States, the decline from Great Britain being largely due to transportation difficulties. Many of the islands are actively encouraging local industry and agriculture, notably the production of foodstuffs. In Barbados, for example, the Vegetable Production (Defence) Control Order provides that in 1940/41, 10 per cent of the arable acreage or 5,200 acres must be planted to vegetables. Actual plantings to September 30th were in excess of this minimum—5,457 acres of potatoes, yams, beans, peas and cassava. New industrial developments are reported in Jamaica. Early in the year, a milk products factory commenced the production of condensed milk and a cornmeal factory is now in operation. It is anticipated that, commencing in 1941, the local crop of maize will meet the island's requirements of cornmeal, imports of which were valued at £69,428 in 1939. A chemical company has been formed to manufacture various chemicals from sugar cane products; operations will commence this year.

The 1940/41 tourist season is expected to be quiet, except in the Bahamas. In Nassau, activity commenced in December and indications are favourable. The cessation of tourist cruises will affect many of the other islands, but reports indicate that a large number of permanent residents, mainly women and children from Great Britain, have settled in a number of the islands.

Generally adverse weather conditions caused disappointing sugar yields in all producing areas. The entire output was purchased by the British Government at satisfactory prices. Weather conditions have been more favourable for the present crop and a normal output is anticipated. Contracts have been concluded with the British Government for the sale of the entire crop. Cocoa prices were low during the greater part of 1940 and supplies available in Trinidad, Jamaica and Grenada were below normal. Reports indicate that the yield this year will show some improvement. In October, it was announced by the Trinidad Government that the cocoa subsidy will be placed on a new basis in 1941; emphasis will be on the restoration of those plantations which are most suitable for cocoa cultivation and it is estimated that expenditures of \$4,000,000 will be made over a period of ten years. A project for the rehabilitation of the industry in Grenada, half of the cost to be borne by the Colonial Development Fund, is also under consideration.

The Jamaica banana industry has been hard hit by disease and the severe storm of November 1939; exports in 1940 were only 8,000,000 stems, compared with 18,700,000 stems in 1939 and the record of 26,955,000 stems in 1937. In order to conserve shipping facilities, the British Government has announced that it will pay 3 shillings per count bunch for all surplus marketable bananas up to 12,000,000 stems (approximately 7,200,000 count bunches), whether the bananas leave the island or not. Efforts are being made to increase sales locally and in Canada and the United States, and distributions are being made to the unemployed. The 1940 grapefruit crop in Trinidad was large and was disposed of satisfactorily. The new crop will also be large. Short crops and improved demand have increased prices for West Indian limes.

The islands producing Sea Island Cotton—Montserrat, St. Kitts, Nevis, Antigua and St. Vincent—report favourable conditions as the result of sale of the entire 1940 crop to the

British Government. Acreage and production will be increased in 1941 and negotiations are underway for the purchase by Great Britain of all cotton produced during the war at a fixed price. Drought reduced the 1940 yield of rice in British Guiana and it is anticipated that the coming crop will not be in excess of local consumption. This is the more unfortunate in that the lack of East Indian rice had opened up a satisfactory market in the British West Indian Islands. Exports of nutmegs and mace from Grenada, largely to Great Britain, increased during 1940 but small crops reduced Jamaica ginger and pimento shipments.

As a result of a short crop and restriction of exports early in the year, 1940 shipments of coconuts and copra from Jamaica were small. Marketing is now under the control of a sub-committee of the Food Control Board and prices have been stabilized at a level above that of recent years. With one important exception, local factories manufacturing margarine, vegetable lard and soap have combined and the whole industry has been placed under the control of the Government. Increased local consumption by the oil factories is reported in Trinidad, which is also producing for neighbouring islands.

No statistics of production are available, but the output of petroleum in Trinidad and bauxite in British Guiana continue to establish new records. Other mining industries in British Guiana have not had a satisfactory year. Operations in the gold mines were brought practically to a standstill by the lack of water, but an improvement is expected in 1941. The diamond industry was seriously affected by the collapse of the world market and, to all intents and purposes, is practically closed down.

Cuban trade has been dull during the year, with most business indexes showing a declining tendency. These declines are attributed to the lower sugar prices and smaller exports incident to the war in Europe, the uncertainty regarding the marketing of the new crop, and the lower demand for tobacco and other products. The total volume of exports has been well maintained but imports have been confined largely to necessities. The number of tourists visiting Havana showed a further decline. In spite of increased taxes, which became effective on January 1, 1940, there was a budget deficit for the year of approximately 5,000,000 pesos. An increase in both revenues and expenditures is budgeted for in 1941. The 1940 sugar crop amounted to 2,777,230 Spanish tons, compared with 2,720,127 tons in the preceding year. The season has been unsatisfactory from the point of view of sales. Prices fluctuated widely during the year and the world market was practically reduced to Great Britain, which made no purchases of Cuban sugar in recent months. The quota for the United States was twice reduced, to a final figure of 1,749,796 short tons. On October 16th, the United States quota system was extended through 1941, for which year Cuba is given a participation of 1,869,060 short tons. Cuba has not yet fixed its production for the 1941 crop but it is generally believed that it will not exceed 2,300,000 Spanish tons. The situation in respect to the market for invert molasses is being studied in relation thereto. The tobacco crop exceeded both early estimates and 1939 output by a substantial margin, but the crop was of generally low grade. Larger yields of coffee and the reduction in the export quota from 30 to 10 per cent have had a depressing effect upon prices. The reduction in export quotas was to prevent imports from Haiti and the Dominican Republic, from which countries some 70,000 quintals were purchased during the year. Heavy stocks of cattle and the closing of the European markets for hides adversely affected the livestock industry. Dairy factories have been working at capacity, with heavy exports of condensed milk to the Dutch West Indies and other countries which formerly secured their supplies from the Netherlands. The mining industry reports an active year, largely as a result of increased United States demand for chrome and manganese ores.

The past year saw sharp contrasts in Puerto Rican conditions. As a result of construction on defence projects, slum clearance and other government work, the island's purchasing power has been increased and trade, particularly in San Juan, was 15/20 per cent above that in 1939. Credit and collections have been satisfactory. Imports from the continental United States in the ten months ended October 31st were valued at \$81,605,984, compared with \$66,134,591. On the other hand, exports to the United States declined from \$73,594,609 to \$70,806,317. The needlework industry, which had been adversely affected for some years by the United States Fair Labor Standards Act, closed down completely in August. Some modifications in the minimum wage requirements were later made enabling operations to be resumed on a small scale toward the end of the year, but normal activity is not anticipated in the near future. The temporary suspension of the United States' quota for sugar imports in the last quarter of 1939 permitted shipment of Puerto Rico's burdensome carry-over of more than 300,000 tons. The 1940 crop amounted to 1,018,804 tons, of which approximately 150,000 tons represented the allotted carryover into 1941. The 1941 quota, including local consumption, is 865,000 tons and it is anticipated that production will be restricted to that amount. The 1940 tobacco crop of 217,000 cwt. was sold at reasonably favourable prices but no increase in acreage is proposed for the coming season. The coffee crop was reduced by adverse weather conditions to 155,000 cwt., only slightly more than estimated local consumption, but substantial supplies are available from the previous crop. An export quota of 20 per cent has been allotted for the 1940 output, compared with 45 per cent in 1939. As a result of unfavourable weather in Florida and Cuba, the small 1940 pineapple crop was satisfactorily disposed of, largely as fresh fruit. The 1941 crop is expected to be of normal size.

Business conditions in the Dominican Republic were quiet throughout 1940, but credit and collections were well maintained. An agreement to modify the United States Customs Receivership was signed on September 24th, and is awaiting ratification by the United States Congress. Customs revenues would in future be collected directly by the Dominican Government but bondholders would hold priority claims on these revenues. Foreign trade was lower than in the previous year; the balance of trade was not affected, however, as both exports and imports declined. Substantial sales of sugar were made to Canada and Newfoundland under commercial agreements signed in March; in return, Canada received free entry of potatoes and dried and salted fish and the binding of free entry for wheat, while Newfoundland received exemption from duty for codfish. The 1939/40 sugar crop of 454,812 tons was marketed mainly in Great Britain and Canada and stocks at the end of the year were only 30,000 tons. No announcement has been made concerning the probable size of the 1940/41 crop, but it is believed that there will be a reduction from the last crop and that part will have to be stored in the Republic for later sale. Cocoa sales have been active and, although prices have recently advanced, growers are holding for a further rise. The 1941 winter and main crops are both expected to be below average in size. The outlook for rice, maize, peanuts and other food crops is favourable; yields have been good and exports have recently been going forward to the Dutch and French West Indies. Marketing is the major problem for the tobacco and coffee crops, as supplies are large. European markets have been cut off and there is little demand for Dominican types of these products in the United States. The recent agreement regarding Latin American coffee sales to the United States gave the Dominican Republic a quota of 120,000 bags, compared with actual shipments of 60,201 and 80,260 bags in the past two years. Even increased shipments to the amount of the quota would

still leave a substantial volume unsold, however, because total exports for the year 1936-1939 averaged 219,060 bags.

Haitian foreign trade in the fiscal year 1939/40 was valued at \$13,339,000, nearly 14 per cent below that of the previous year. Imports were well maintained but exports, as a result of the loss of European markets, were down 25.7 per cent to less than half the normal average. As government revenues are derived largely from customs duties, they were also seriously reduced. Expenditures during 1940/41 are being curtailed as far as possible; import taxes on cement, lumber and wheat flour have been increased and a 10 per cent surtax imposed on all municipal taxes. Shipments of coffee during the year were less than two-thirds of those in the previous year and a large carryover was reported on September 30th. This was practically all sold in the United States during the last quarter of 1940; the reduction of export taxes on coffee by one-third on October 31st contributed substantially to this rapid movement. The new coffee crop commenced to move in December and is of normal size. Under the agreement which was recently concluded by the Latin American coffee-producing countries, Haiti has received an annual quota for shipment to the United States, of 275,000 bags, compared with actual shipments of 145,499 and 147,837 bags in the last two years. Sugar output during the season amounted to 44,515 short tons, which was sold mainly to Great Britain. Exports of all other products declined, except those of bananas and sisal. The outlook for the present year depends upon Haiti's ability to market her products, as all crops are reported to be of normal size.

SOUTH AMERICA

Economic conditions in South America continued depressed during 1940. The increasing advance and ruthlessness of the German Blitzkrieg closed practically all markets in Continental Europe, and great difficulties were faced by the Republics of South America in the disposition of their surplus products, in spite of larger shipments to Great Britain and the United States. Higher shipping and insurance charges raised the cost of imports so that, with declining exports, exchange became so scarce in many instances that more rigid control measures were instituted. Government revenues fell off as a large proportion is ordinarily derived from imposts on international trade and budgets were curtailed in order to avoid heavy deficits. Public works programmes were resorted to for the amelioration of unemployment, and during the latter part of the year loans from the Export-Import Bank of the United States of America were negotiated to relieve the situation and make provision for imports from that country. The Havana Conference in July was notable for its affirmation of hemispheric solidarity in meeting conditions imposed by the European War.

Regulations instituted in 1939 following the outbreak of war in Europe for the adjustment of business to the changed conditions have generally been retained. Maximum prices for foodstuffs and other articles of "prime necessity" have been continued together with, in some instances, minimum prices for products usually exported but the markets for which have become severely restricted. Higher freight and insurance rates, shortage of shipping space and the new risks of transport have caused a most serious dislocation in trade affecting practically all countries in South America. Outlets for surplus products have in many cases practically disappeared with the major exceptions of Great Britain and the United States. As a result the volume of exports has substantially declined although higher prices have caused total values to fall less drastically. On the other hand, the cost of imports has risen materially with higher prices and increased transportation and other charges, with the result that the balance of trade has in many instances been unfavourable during the past year. Measures rigidly restricting imports have been general and every effort has been made to increase their trade with each

other and with the countries of North America. To facilitate intra-continental trade, various reciprocal arrangements were concluded during the year, including agreements between Argentina and Brazil, Argentina and Colombia, Colombia and Venezuela, Peru and Chile. The hope was also publicly expressed that other Republics would take similar steps to strengthen South American solidarity.

The United States of America have become an increasingly important source of imports for many South American countries but the market in the former country for many commodities usually exported has been limited with notable exceptions such as coffee and cocoa. This factor has created a difficult situation; to overcome this, credits have been granted by the Export-Import Bank of the United States. Colombia, for example, was granted \$10,000,000 to be available for the financing of future imports and later similar arrangements were concluded by Argentina and Brazil. Argentina has arranged a total credit of \$110,000,000, of which \$50,000,000 from the U.S. Treasury Department will be used to stabilize the exchange situation and the balance of \$60,000,000 from the Export-Import Bank will be utilized to facilitate trade. Brazil secured an advance of \$20,000,000 towards a total sum of \$45,000,000 for the erection of a steel plant in the State of Rio de Janeiro with an initial capacity of 300,000 tons of heavy steel products. Steel experts from the United States are to co-operate in the project.

Trade between Canada and the South American continent showed considerable expansion during the past year and the Canadian Government is making a special effort to encourage such interchange on an increased basis. A mission headed by the Dominion Minister of Trade & Commerce was appointed for the purpose of studying trade possibilities but action has unfortunately been delayed temporarily. In the meantime, however, it is reported that definite discussions have been opened for the exchange of Canadian wheat for Peruvian sugar and cotton. Arrangements are also said to be under negotiation for the exchange of Diplomatic representatives between Canada and certain of the Republics of South America.

The strained trade situation has resulted in some scarcity of exchange and control regulations have been more rigidly enforced. Early in the year Presidential decrees were issued in Colombia to clarify the situation; under these imports were divided into four categories by the Exchange Control Board and exchange appropriated according to preferences thus established as supplies became available. A new system of exchange allocation was inaugurated by Venezuela in March on a somewhat similar basis but in October further imports were prohibited unless a permit had previously been obtained from the Commission of Control. A proportionate system for the distribution of exchange available was also established at that time.

Inclement weather adversely affected the agricultural situation early in the season but as conditions later became more favourable crops recuperated quickly so that yields were generally satisfactory. Industrial and mining operations were well maintained, the demand for base metals having been greatly stimulated by the war although lead stocks in Peru are reported to be heavy. Gold production in Colombia reached an all-time high. Petroleum operators were handicapped by the curtailment of markets for their products as well as difficulty in securing sufficient shipping space; stocks accumulated and production was restricted in spite of the addition of new fields to the list of commercial producers.

The final estimate of the 1939/40 Argentine wheat crop was 119,442,000 bushels, the smallest quantity reported since 1916/17 when 80,115,000 bushels were produced. The outturn in 1938/39 was 336,200,000 bushels, second only to the all-time record of 349,000,000 bushels established in 1928/29. The

average crop harvested during the past five years was 220,448,000 bushels. The area sown to wheat for the 1940/41 crop was 17,569,000 acres as compared with 17,833,000 for 1939/40 and a five-year average of 17,881,000 acres. Heavy rains retarded seeding operations and the crop got off to a very poor start. Later in the season, conditions were much more favourable and the crop made rapid progress. The first official estimate placed the outturn at 293,920,000 bushels but heavy rains have delayed harvesting operations and large quantities of the grain were damaged and rendered unfit for milling, reducing commercial supplies to about 270,000,000 bushels. The yield of linseed in 1939/40 was 39,921,000 bushels, a considerable reduction from the 1938/39 crop of 55,510,000 bushels and the five-year average of 67,714,000 bushels. The area sown in 1940 was somewhat smaller but with more favourable growing conditions, yields were much improved, the total being placed at 78,740,000 bushels by the first official estimate but later damage is placed at 17 per cent so that the outturn is expected to be about 65,350,000 bushels. Exports were small with the result that the Government by decree on November 20th established minimum prices as from December 1st at 6.75 pesos per 100 kilos (about 54¾ cents per bushel) for wheat and 9.25 pesos per 100 kilos (about 70 cents per bushel) for linseed. The 1940 maize crop was placed at 408,445,000 bushels and was one of the largest on record. In 1939 only 191,496,000 bushels were produced as compared with a five-year average of 346,391,000 bushels. Difficulties in the disposition of the heavy supplies have been met by large purchases by the Government. Some use of the surplus as fuel is projected. The livestock and allied industries had a fair year. Slaughterings of sheep were considerably larger than in 1939 but decreases were reported for cattle and swine. Exports of chilled and frozen beef were smaller than in the previous year while mutton shipments were larger and little change reported for canned meats. Including all meats and meat extracts the total quantity shipped, as at November 30, declined from 610,808 tons to 529,030 tons. The decline in values was much less, the 1940 total being 289,948,523 pesos as compared with 300,892,452 pesos in 1939. The British Government continued to make large purchases of Argentine meats but shipments to other countries were comparatively small. The wool market continued to reflect the change in conditions due to the war. Exports to November 30, 1940, comprised 113,911 tons valued at 166,213,678 pesos against 132,637 tons and 138,436,706 pesos at the same date in 1939. A large proportion of the shipments in 1940 was made to the United States. Shipments of hides increased in value in spite of a material decline in volume. The British Government also made substantial purchases of meats from both Uruguay and Brazil. Sales of wool to Great Britain and the United States absorbed accumulated supplies in Uruguay as well as most of the current clip.

The 1940/41 coffee crop in Brazil was officially estimated at 20,850,000 bags of 60 kilos each, about 5 per cent less than the 1939/40 crop of 21,863,300 bags. With so many export markets closed, the Federal Government decreed a sacrifice quota of 25 per cent in each state. A supplementary equilibrium quota of 30 per cent was also imposed on Sao Paulo coffee and, in addition, 1,500,000 bags of the 1939/40 Sao Paulo crop is being purchased by the Government. Including stocks carried over, the balance left for marketing will be reduced by these measures to 16,000,000 bags. Exports of coffee from Brazil during the 1939/40 season comprised 15,553,000 bags, a decline of 1,287,000 bags from the record of 16,840,000 bags established in 1938/39. Shipments from Brazil this season are tentatively placed at 13,000,000 bags. Exports from Colombia in 1939/40 were the smallest since 1934/35. The new crop has made satisfactory progress and is reported to be above average both in quality and quantity.

All coffee producing countries have been seriously affected by the loss of European markets and have sought to increase sales in the United States. To put this on an orderly basis, a

plan for the institution of a quota system for exports to the United States was agreed to in principle at the Third Pan-American Coffee Conference. Later a definite agreement was concluded between the United States Government and fourteen Western Hemisphere producers for total shipments of 15,545,000 bags to which an additional allowance of 3/400,000 bags may be made to 21 countries which ship coffee to the United States but are outside the present arrangement. Of the total, Brazil was allotted 9,300,000 bags, Colombia 3,150,000, Venezuela 420,000 and Peru 25,000 bags. In order to meet the situation in Colombia where a considerable surplus still remains, the Government is reorganizing the industry and instituting a system of price controls and export licences.

Representatives of all the American Republics met at Havana in July and reached an agreement on measures to promote closer economic, political and military co-operation in the Western Hemisphere. After discussions extending over several days the "Act of Havana" was adopted by the full conference, with special regard to foreign possessions in the New World. This convention consists of 19 articles, the leading points of which may be summarized as follows:

- (1) "If a non-American state attempts directly or indirectly to substitute for another non-American state in the sovereignty or control which that (other state) exerted over any territory situated in America, thereby threatening the peace of the continent, the said territory will automatically be considered to be within the stipulations of this Convention and will be submitted to a regime of provisional administration," to be exercised by one or more American Republics by virtue of previous consent; (2) the administration of any such territory will be in the interest of American security and to the benefit of the administered region; (3) the administration of any territory will guarantee freedom of conscience, and local laws will be upheld; (4) economically, all American nations shall enjoy equal rights in such territories; (5) the natives of such territories will continue to participate in the public administration and tribunals of justice; (6) periodic reports on the administration shall be submitted to the other American nations; (7) the administration will be authorized in the first instance for a three-year period, and in case of necessity shall be renewed for periods not longer than a decade; (8) an "Inter-American Commission of Territorial Administration" to be set up, composed of one representative of each of the States ratifying the Convention, this body to be the international organisation to which the Convention refers: the Commission shall elect a President and fix a permanent headquarters, and two-thirds of its members present may adopt any necessary agreements; (9) the Commission shall receive authorisation to establish a provisional administration over regions to which the Convention applies; (10) the Convention to be effective when ratified by two-thirds of the American States.

It is also provided that if the necessity for emergency action be deemed so urgent as to make it impossible to await action by the Commission, any of the American Republics, individually or jointly with others, shall have the right to act in the matter required for its defence or the defence of the continent.

In the matter of economic co-operation, it was resolved that "the American nations maintain their adhesion to liberal principles of international commerce with peaceful aims, based on equality of treatment and just and equitable procedure in interchange. The American nations will do all in their power to fortify their economy and augment their mutual commercial and economic relations along these lines and mutually attempt to solve the difficulties deriving from the existing dislocation of world economic conditions." It was decided to intensify the activities of the Inter-American Economic and Financial Consultative Committee, and to consider the establishment of a broader system of inter-American co-operation in matters relating to credit and other aids which might be immediately necessary in economic, financial, and monetary matters.

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INCORPORATED 1869

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3RD STREET WEST.....	J. L. Shelton.....	<i>Asst.</i>	HALKIRK.....	P. C. Haymes.....	"	STETTLER.....	A. E. Morrison.....	"
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BRANCHES IN NOVA SCOTIA

<p>AMHERST..... G. F. MacNeill... Mgr. ANNAPOLIS ROYAL..... T. W. H. McPherson " ANTIGONISH..... S. E. Kyte..... " ARICHAT..... R. J. O'Leary..... " BADDECK..... H. L. Hall..... " BARRINGTON PASSAGE... C. A. DeWolf..... " BEAR RIVER..... C. V. Snow..... " BERWICK..... S. G. Reid..... " BRIDGETOWN..... G. O. Long..... " BRIDGEWATER..... E. H. Page..... " CHETICAMP..... R. O. Boucher..... " CHURCH POINT..... E. F. LeBlanc..... "</p>	<p>CLARKE'S HARBOUR..... E. G. Longley... Mgr. DARTMOUTH..... D. S. Crosby..... " DIGBY..... R. B. Murray..... " GLACE BAY..... I. C. McLeod..... " GREAT VILLAGE..... E. U. Hirtle..... " GUYSBORO..... R. F. Leavitt..... " HALIFAX ★ GEORGE & HOLLIS... { E. G. MacMinn... " W. A. Hyndman... Assl. " ALMON & AGRICOLA... L. G. Fraser..... " GOTTINGEN ST..... S. L. Murray..... " MORRIS & BARRINGTON... F. W. Schaefer... "</p>	<p>HALIFAX—Continued. QUINPOOL & OXFORD... L. A. Murray... Mgr. SPRING GARDEN ROAD... A. S. Hopkins... " INVERNESS..... E. J. Reyno..... " KENTVILLE..... R. Fash..... " LA HAVE..... W. C. Delany..... " LAWRENCETOWN..... P. C. R. Harris... " LIVERPOOL..... R. H. Lockward... " LOCKEPORT..... G. L. Capstick... " LOUISBURG..... W. Stewart..... " LUNenburg..... R. St. C. Hopgood... " MABOU..... E. A. Cosman..... "</p>
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BRANCHES IN NOVA SCOTIA—Continued

MAITLAND (Hants Co.)... R. C. Morrison, <i>Rel. Mgr.</i>	PORT HAWKESBURY... G. K. Hammett... <i>Mgr.</i>	SYDNEY—Continued
METEGHAN RIVER... L. A. Pothier... “	PORT HOOD... G. Johnston... “	WHITNEY PIER... C. J. Durling... <i>Mgr.</i>
MIDDLE MUSQUODOBOIT... R. A. Douglas... “	St. PETER'S... A. D. Pynn... “	SYDNEY MINES... J. S. Coffey... “
MIDDLETON... J. H. McDaniel... “	SHERBROOKE... T. R. Hanington... “	TRURO... E. B. McDaniel... “
MULGRAVE... H. G. Macdonald... “	SHUBENACADIE... G. D. MacMichael... “	WATERVILLE... T. B. Keyes... “
NEW GERMANY... W. G. Kenney... “	SPRINGHILL... I. N. McLean... “	WESTVILLE... R. G. Hughes... “
NEW GLASGOW... R. H. Pethick... “	STEWIACKE... L. W. Dickie... “	WEYMOUTH... J. W. Connell... “
NEW WATERFORD... W. K. Bagley... “	SYDNEY	WHYCOCOMAGH... J. H. Matheson... “
NORTH SYDNEY... K. A. Clarke... “	★ CHARLOTTE &	WINDSOR... L. McCoy... “
PARRSBORO... C. L. Godfrey... “	DORCHESTER... K. Mackenzie... “	WOLFVILLE... A. R. Smith... “
PICTOU... A. M. Roy... “	GEORGE & TOWNSEND... L. J. McCarthy... “	YARMOUTH... E. C. Wilson... “

BRANCHES IN ONTARIO

ALEXANDRIA... J. P. Mullett... <i>Mgr.</i>	GRAND VALLEY... H. J. Small... <i>Mgr.</i>	NIAGARA FALLS
APPIN... A. N. McLean... “	GRIMSBY... W. G. Dulmage... “	★ 487 QUEEN ST... C. A. R. Warren... <i>Mgr.</i>
ARNPRIOR... W. E. Moore... “	GUELPH... A. S. Wilkinson... “	VICTORIA & SIMCOE... T. Smith... “
ARTHUR... G. G. Connell... “	HAGERSVILLE... M. C. Wigle... “	NIAGARA FALLS CENTRE... H. Lawrence... “
AYLMER... Q. H. Cook... “	HAILEYBURY... L. Peake... “	NIPIGON... G. J. Bailey... “
AYTON... L. G. Poole... “	HAMILTON	NORTH BAY... D. H. Morison... “
BALA... L. Porter... “	★ 21-23 KING ST... { H. S. Y. Thurstans... “	NORTH GOWER... H. O. Balkwill... “
BARRIE... G. F. Johnston... “	W. A. Pope... <i>Asst.</i>	NORWOOD... D. B. Cutcliffe... “
BATH... G. W. Cuppage... “	BARTON & OTTAWA... L. G. Irons... “	ODESSA... W. S. Holmes... “
BEEETON... W. A. S. Murduff... “	& WENTWORTH... H. B. Sutherland... “	ORANGEVILLE... E. C. Maxwell... “
BELLEVILLE... I. G. Hefkey... “	LOCKE & MAIN... I. D. Eastman... “	ORILLIA... R. F. Grant... “
BLIND RIVER... D. B. Currie... “	MAIN & SHERMAN... G. M. Beley... “	OSGOODE STATION... J. C. Morphy... “
BRACEBRIDGE... G. S. Robinson... “	MARKET BRANCH... J. H. Perrin... “	OSHAWA... A. A. Hutchison... “
BRAMPTON... C. E. Fairles... “	MOUNT HAMILTON... V. P. Heppler... “	OTTAWA
BRANTFORD... F. C. Kennedy... “	TERMINAL BRANCH... J. R. Weekes... “	★ SPARKS & METCALFE... { C. A. Gray... “
BROCKVILLE... R. A. Pridmore... “	HANOVER... H. L. Reinhardt... “	D. T. Youngson, <i>Asst.</i>
BRUCE MINES... C. S. Campbell... “	HARRISTON... G. Murison... “	BANK & SOMERSET... H. J. Wilson... “
BURFORD... R. S. Patterson... “	HASTINGS... J. V. Findly... “	BANK & SPARKS... W. J. Oram... “
BURK'S FALLS... H. D. Hilton... “	HEPWORTH... R. E. Green... “	GLEBE BRANCH... G. R. D. Watson... “
BURLINGTON... E. D. Lucas... “	HILLSBURG... C. E. Hilton... “	HINTONBURGH... J. M. Jackson... “
CARGILL... E. A. Dreak... “	HUNTSVILLE... S. H. Gregg... “	MARKET BRANCH... J. B. Prendergast... “
CARLETON PLACE... W. S. McCauley... “	INGERSOLL... R. W. Green... “	SOMERSET & BOOTH... W. S. Seeber... “
CHAPLEAU... A. A. Kinahan... “	IROQUOIS FALLS... A. J. Kelly... “	OTTERVILLE... V. D. Olliver... “
CHATHAM... W. E. Hanley... “	ISLINGTON... W. T. Hodgson... “	OWEN SOUND... C. E. Brien... “
CHIPPAWA... A. R. MacDonald... “	KEEWATIN... A. Black... “	PAISLEY... T. R. McLennan... “
CLIFFORD... J. O. Spence... “	KEMPVILLE... A. C. Thomson... “	PAKENHAM... C. H. Campbell... “
CLINTON... E. E. Paterson... “	KENORA... H. H. Tate... “	PEMBROKE... W. L. Smith... “
COMBER... A. B. O'Connor... “	KINBURN... H. L. Blanchard... “	PERTH... E. M. Doull... “
COOKSTOWN... G. T. Gregory... “	KINCARDINE... B. D. Henry... “	PETERBOROUGH... H. C. Sotheran... “
COOKSVILLE... W. M. Leonard... “	KINGSTON... L. H. Leach... <i>Rel.</i>	PLANTAGENET... J. A. E. Besner... “
CORNWALL... J. H. Hunt... “	KINGSVILLE... J. V. Eagan... “	PORT ARTHUR... A. J. Sheard... “
CRYSLER... J. H. E. Lehoux... “	KIRKLAND LAKE... G. A. Goddard... “	PORT CREDIT... I. N. Tompkins... “
DRAYTON... W. N. Spearin... “	KITCHENER... J. R. Dier... “	PORT DOVER... T. McMillan... “
DRYDEN... A. McIntyre... “	LAKEFIELD... J. McKerchar... “	PORT HOPE... C. P. Freeman... “
DUNDAS... S. H. Neale... “	LAMBETH... C. A. Putnam... “	PORTLAND... T. E. Waddell... “
DUNNVILLE... W. M. George... “	LEAMINGTON... W. L. Barker... “	PRESCOTT... D. C. Davidson... “
DURHAM... C. W. Zilliax... “	LION'S HEAD... H. Youngs... “	RENFREW... N. E. Zimmerman... “
DUTTON... C. A. Wright... “	LONDON... { A. T. Hillary... “	RIDGETOWN... C. R. Davis... “
ELMIRA... J. A. Rowland... “	J. R. Harris... <i>Asst.</i>	RIPLEY... J. Willocks... “
ELMWOOD... R. H. Buckingham... “	LONDON EAST... W. J. Kelley... “	ROCKWOOD... J. H. Gibb... “
ELORA... R. H. Balfour... “	LYNDEN... I. C. McClean... “	RODNEY... J. M. Graham... “
EMBRO... W. L. Simpson... “	MALLORYTOWN... A. H. T. Votier... “	St. CATHARINES... A. G. Mackenzie... “
EMBRUN... J. A. Cloutier... “	MANOTICK... E. S. Theaker... “	St. MARY'S... H. A. Channell... “
ENGLEHART... J. W. B. Brandreth... “	MASSEY... W. L. Fleming... “	St. THOMAS... J. A. Elliott... “
ERIN... W. A. L. Burchill... “	MELBOURNE... H. L. Loughleen... “	EAST END... J. D. Henderson... “
ESPANOLA... J. F. Freure... “	MERRICKVILLE... W. C. Weaver... “	SARNIA... H. T. Ross, <i>Jr.</i> ... “
ESSEX... W. J. Blankstein... “	METCALFE... R. K. Runnels... “	SAULT STE. MARIE
FENWICK... G. D. Hannah... “	MIDLAND... L. T. Brandon... “	★ QUEEN & BROCK... C. B. Young... “
FERGUS... P. H. Fisher... “	MOUNT BRYDGES... J. W. Flett... “	QUEEN & BRUCE... R. J. Leach... “
FORT ERIE NORTH... S. A. McKenzie... “	MOUNT FOREST... E. M. T. Mason... “	STEELTON BRANCH... C. A. Reid... “
FORT WILLIAM... W. A. Allingham... “	NAPANEE... W. J. Wiggins... “	SCHOMBERG... D. C. V. Morrison... “
GALT... A. S. McKay... “	NAVAN... F. H. Nelson... “	SCOTLAND... J. C. Moore... “
GERALDTON... J. S. Hill... “	NEW LISKEARD... J. W. Kearns... “	SHELBURNE... B. M. Butchart... “
GODERICH... A. E. Hockley... “		

BRANCHES IN ONTARIO—Continued

SIMCOE.....	G. R. Martin.....	<i>Mgr.</i>
SMITHS FALLS.....	H. W. W. Allan.....	"
SMITHVILLE.....	C. F. Bartle.....	"
SMOOTH ROCK FALLS.....	H. J. Lalonde.....	"
SPENCERVILLE.....	C. G. Simon.....	"
STITTSVILLE.....	J. W. Morrow.....	"
STONE CREEK.....	W. E. Scott.....	"
STRATFORD.....	M. L. Roenigk.....	"
STRATHROY.....	R. A. Fowlie.....	"
STURGEON FALLS.....	W. A. Gosselin.....	"
SUDBURY.....	C. R. Ross.....	"
SUNDRIDGE.....	G. A. Pinel.....	"
SYDENHAM.....	S. W. Alexander.....	"
THAMESFORD.....	G. E. Hessenauer.....	"
THOROLD.....	R. E. Culbert.....	"
TILLSONBURG.....	H. W. Riepert.....	"
TORONTO.....	H. T. O'Neill.....	"
★ KING & YONGE.....	K.M.Sedgewick <i>Asst.</i>	"
	R. I. C. Picard <i>Asst.</i>	"
AVENUE ROAD & DAVENPORT.....	J. S. Heron.....	"
BAY & TEMPERANCE.....	R. H. Gale.....	"
BLOOR & BATHURST.....	J. H. Fletcher.....	"
BLOOR & DOVERCOURT.....	A. P. Murphy.....	"
CHURCH & WELLESLEY.....	F. J. Blanchfield.....	"

<i>TORONTO—Continued</i>		
COLLEGE & BATHURST.....	A. L. Leslie.....	<i>Mgr.</i>
COXWELL & GERRARD.....	H. R. Creighton.....	"
DANFORTH & DAWES.....	J. E. Bell.....	"
DELORAINE & YONGE.....	R. E. Holmes.....	"
DUNDAS & CHESTNUT.....	G. W. Roberts.....	"
GERRARD & GREENWOOD.....	W. C. Paton.....	"
HARBOR & SPADINA.....	A. K. Zapfe.....	"
JONES & GERRARD.....	E. M. Jacques.....	"
KEELE & ST. CLAIR.....	L. H. Woolcott.....	"
KING & CHURCH.....	J. C. Mayne.....	"
KING & SPADINA.....	W. G. Turnbull.....	"
PAPE & DANFORTH.....	D. H. Mills.....	"
QUEEN & BROADVIEW.....	J. F. Stewart.....	"
QUEEN & CLOSE.....	R. Abbey.....	"
RUNNYMEDE & BLOOR.....	G. C. Temple.....	"
ST. CLAIR & CRANG.....	H. W. Fraser.....	"
SHERBOURNE & QUEEN.....	R. M. Wilson.....	"
SPADINA & COLLEGE.....	W. S. Fenwick.....	"
SUNNYSIDE.....	H. B. Robertson.....	"
WOODBINE & DANFORTH.....	H. G. Simpson.....	"
1170 YONGE ST.....	C. I. Lancefield.....	"
YONGE & BLOOR.....	R. A. East.....	"

<i>TORONTO—Continued</i>		
YONGE & COLLEGE.....	F. W. Smith.....	<i>Mgr.</i>
YONGE & RICHMOND.....	R. G. Allen.....	"
YONGE & SHERWOOD.....	W. R. Phillips.....	"
TOTTENHAM.....	A. B. Allen.....	"
TWEED.....	F. W. Clark.....	"
VARS.....	J. R. Dorval.....	"
WALKERVILLE.....	A. S. Hill.....	"
WALLACEBURG.....	W. P. Spero.....	"
WARKWORTH.....	J. M. Stewart.....	"
WATERDOWN.....	G. B. Brown.....	"
WATERLOO.....	A. C. Hoffman.....	"
WELLAND.....	D. S. McKay.....	"
WEST FORT WILLIAM.....	H. H. Ingram.....	"
WHEATLEY.....	W. P. Forshee.....	"
WIARTON.....	E. M. Good.....	"
WINCHESTER.....	W. A. Rowat.....	"
WINDSOR.....		"
★ OUELLETTE & PITT.....	C. J. O'Neill.....	"
	A. B. White.....	<i>Asst.</i>
OUELLETTE & ELLIS.....	J. B. Hawken.....	"
PILLETTE & WYANDOTTE.....	T. H. Hammel.....	"
WINONA.....	L. A. Carley.....	"
WOODBRIDGE.....	A. E. Kearney.....	"
WOODSTOCK.....	W. J. Kirkpatrick.....	"

SUB BRANCHES

	Sub. to	Open for business
BROWNSVILLE.....	Tillsonburg.....	Tues. & Fri.
CALEDON.....	Orangeville.....	Mon. & Thurs.
CURRAN.....	Plantagenet.....	Mon. & Thurs. May-Dec. Thurs. only Jan.-Apr.

	Sub. to	Open for business
KEARNEY.....	Burk's Falls.....	Tuesday During summer months
KLEINBURG.....	Woodbridge.....	Monday
NEUSTADT.....	Hanover.....	Thursday
NEWBORO.....	Portland.....	Mon. Wed. & Fri.
PENDLETON.....	Plantagenet.....	Mon. & Thurs. May-Dec. Thurs. only Jan.-Apr.

	Sub. to	Open for business
SOUTH RIVER.....	Sundridge.....	Tues. Thurs. & Sat.
SPRINGFIELD.....	Aylmer.....	Tues. & Fri.
SPRUCEDALE.....	Burk's Falls.....	Thurs.
STELLA.....	Bath.....	Wednesday
TOLEDO.....	Smiths Falls.....	Thursday
WARSAW.....	Norwood.....	Thursday

BRANCHES IN PRINCE EDWARD ISLAND

CHARLOTTETOWN.....	W. R. Cruikshank.....	<i>Mgr.</i>
ELDON.....	F. W. Murphy.....	"

HUNTER RIVER.....	L. W. Ripley.....	<i>Mgr.</i>
MOUNT STEWART.....	H. J. Shaw.....	"

SUMMERSIDE.....	S. G. Merriam.....	<i>Mgr.</i>
TYNE VALLEY.....	E. L. Eagles.....	"

BRANCHES IN QUEBEC

<i>ARNDT—Continued</i>		
ARNFIELD.....	T. H. Gilchrist.....	<i>Mgr.</i>
ARVIDA.....	D. R. Sutherland.....	"
AYLMER.....	L. Cadieux.....	"
CHICOUTIMI.....	J. N. Menard.....	"
COATICOOK.....	M. B. Ferrill.....	"
DALHOUSIE STATION.....	J. G. Dutil.....	"
DRUMMONDVILLE.....	G. Petrie.....	"
GRANBY.....	P. G. Jack.....	"
INVERNESS.....	E. P. Weary.....	"
JOLIETTE.....	J. U. Quenneville.....	"
KENOGAMI.....	W. J. Theriault.....	"
LACHINE.....	O. C. Weary.....	"
LA SALLE.....	J. A. P. Tessier.....	"
LA TUQUE.....	J. E. R. Babineau.....	"
LENNOXVILLE.....	R. G. Ward.....	"
MONTMAGNY.....	J. L. Roberge.....	"
MONTREAL.....	M. M. Walter.....	"
	C. B. Neapole.....	<i>Asst.</i>
★ 360 ST. JAMES.....	J. B. Miller.....	<i>Asst.</i>
	T. Clarke.....	<i>Asst.</i>
AMHERST & ST. CATHERINE.....	J. A. H. Boulanger.....	"

<i>MONTREAL—Continued</i>		
ATWATER & NOTRE DAME.....	A. R. LaFleche.....	<i>Mgr.</i>
ATWATER & ST. CATHERINE.....	F. C. McMillan.....	"
BEAVER HALL.....	W. H. Stevens.....	"
BONAVENTURE.....	D. B. McCoubrey.....	"
CHRISTOPHER COLUMBUS & ST. ZOTIQUE.....	J. V. B. Saint-Cyr.....	"
DULUTH & ST. DENIS.....	J. A. Lacaille.....	"
LAURIER AVE.....	J. W. MacDonald.....	"
MONKLAND & BEACONSFIELD.....	M. A. Hull.....	"
MONKLAND & HARVARD.....	W. Hill.....	"
MT. ROYAL & ST. LAWRENCE.....	E. E. Le Sauter.....	"
PAPINEAU AVE.....	R. T. Gagnon.....	"
PARK & BERNARD.....	C. R. Blake.....	"
PEEL & SHERBROOKE.....	H. H. S. Troop.....	"
PLACE D'ARMES.....	F. W. Doherty.....	"
PLACE VIGER.....	G. La Mothe.....	"

<i>MONTREAL—Continued</i>		
POINT ST. CHARLES.....	J. Thomson.....	<i>Mgr.</i>
QUEEN MARY & DECARIE.....	E. G. W. Allwood.....	"
ST. CATHERINE & BLEURY.....	I. R. Carlin.....	"
ST. CATHERINE & JEANNE D'ARC.....	A. Theriault.....	"
ST. CATHERINE & MCGILL COLLEGE AV.....	W. R. Riddell.....	"
ST. DENIS & BELANGER.....	J. L. Kinsella.....	"
ST. DENIS & ST. CATHERINE.....	N. A. O. Demers.....	"
ST. LAWRENCE & CRAIG.....	J. B. P. Robertson.....	"
ST. LAWRENCE & ST. ZOTIQUE.....	J. A. Lacroix.....	"
ST. MATTHEW ST.....	M. P. Hickson.....	"
SEIGNEURS ST.....	A. R. Kyle.....	"
SHERBROOKE & BLEURY.....	H. P. Strong.....	"
SHERBROOKE & DECARIE.....	P. B. Elwood.....	"

BRANCHES IN QUEBEC—Continued

MONTREAL—Continued

SHERBROOKE & GUY.....	R. R. Herman.....	<i>Mgr.</i>	NORANDA.....	G. Hendry.....	<i>Mgr.</i>	ST. HYACINTHE.....	L. E. Vinet.....	<i>Mgr.</i>
SHERBROOKE & HAMPTON.....	W. V. G. Neish.....	"	OUTREMONT, VAN HORNE & OUTREMONT AVES.....	J. M. Carleton.....	"	ST. JOHNS.....	L. J. Robichaud.....	"
SHERBROOKE & MONTCLAIR.....	J. A. Scriven.....	"	QUEBEC			ST. PAUL L'EREMITE.....	J. C. Cormier.....	"
SHERBROOKE & ST. DENIS.....	F. Gingras.....	"	★ST. JAMES & ST. PETER	{ H. L. Austin.....	"	SHAWINIGAN FALLS.....	J. A. A. Morel.....	"
STANLEY ST.....	{ C. T. Medlar.....	"		{ J. W. Laliberte <i>Asst.</i>	"	SHERBROOKE		
	{ C. L. Walker.....	<i>Asst.</i>	LIMOILLOU.....	J. L. M. Furois.....	"	★87 WELLINGTON.....	H. L. Gagnon.....	"
TRAMWAYS TERMINAL.....	A. M. Ramsay.....	"	ST. JOHN ST.....	P. E. de Laplante.....	"	UPPER TOWN.....	N. L. Amirault.....	"
MONTREAL EAST.....	J. M. Bernuy.....	"	ST. ROCH.....	A. U. Matte.....	"	THETFORD MINES.....	J. A. McKendy.....	"
MONTREAL WEST.....	W. T. Turner.....	"	ST. SAUVEUR.....	J. Lavallee.....	"	THREE RIVERS.....	D. A. Bisson.....	"
MOUNT ROYAL.....	A. J. B. Clutsam.....	"	UPPER TOWN.....	W. A. Connery.....	"	VERDUN, WELLINGTON & GALT.....	H. W. Ferguson.....	"
			RAWDON.....	J. A. Cantin.....	"	WESTMOUNT		
			ROCK ISLAND.....	D. L. Dashney.....	"	GREENE AVE.....	C. B. Cutten.....	"
			ST. GEORGE EAST.....	J. E. Forget.....	"	VICTORIA AVE.....	G. T. Brownlee.....	"

SUB BRANCHES

Sub. to	Open for business	Sub. to	Open for business
FITCH BAY.....	Rock Island... Thursday	LEEDS VILLAGE.....	Inverness... Wednesday
	Winter months, every second Thursday		

BRANCHES IN SASKATCHEWAN

ABBEY.....	D. F. Duke.....	<i>Mgr.</i>	HUMBOLDT.....	P. J. Thompson.....	<i>Mgr.</i>	PENSE.....	J. Cavers.....	<i>Mgr.</i>
ALSASK.....	S. C. Hall.....	"	IMPERIAL.....	E. F. Dyer.....	"	PERDUE.....	J. Dingwall.....	"
ANEROID.....	H. S. Richardson.....	"	INDIAN HEAD.....	J. M. Milroy.....	"	PLENTY.....	N. Calvert.....	"
ARCOLA.....	T. Foster.....	"	INVERMAY.....	J. D. M. Street.....	"	PRINCE ALBERT.....	C. H. McIntosh.....	"
BALCARRES.....	J. A. MacDiarmid.....	"	KERROBERT.....	A. G. Baxter.....	"	QU'APPELLE.....	C. H. Duncan.....	"
BRUNO.....	H. W. Clarke.....	"	LANG.....	E. E. Thompson.....	"	REGINA.....	J. L. Vickerson.....	"
CABRI.....	C. C. Carter.....	"	LANGAN.....	R. E. Mundell.....	"	ROSETOWN.....	W. J. Garland.....	"
CADILLAC.....	I. E. Austman.....	"	LEASK.....	W. Thompson.....	"	SASKATOON		
CARLYLE.....	E. Arscott.....	"	LEMBERG.....	F. Kennett.....	"	★241 SECOND AVE. SOUTH.....	W. Dunn.....	"
CLIMAX.....	C. W. Ketcheson.....	"	LIBERTY.....	G. B. Hooker.....	"	NUTANA.....	E. J. Leicester.....	"
CONQUEST.....	R. Jardine.....	"	LIPTON.....	J. H. Allen.....	"	SHAUNAVON.....	R. J. Cuthbertson.....	"
CRAIK.....	E. B. Tatchell.....	"	LLOYDMINSTER.....	J. D. Hamilton.....	"	SOUTHEY.....	G. A. McArter.....	"
CUPAR.....	S. G. Renouf.....	"	LUMSDEN.....	L. E. Guilbault.....	"	STRASBOURG.....	D. Campbell.....	"
CUT KNIFE.....	F. G. Griffiths.....	"	LUSELAND.....	P. J. LeMasurier.....	"	SWIFT CURRENT.....	R. M. Sutherland.....	"
DELISLE.....	L. J. Walley.....	"	MACKLIN.....	W. J. Laurie.....	"	VANGUARD.....	H. B. Fairbairn.....	"
EATONIA.....	O. F. Springer.....	"	MARYFIELD.....	T. D. Holloway.....	"	VICEROY.....	F. G. Beauchamp.....	"
ELROSE.....	W. H. Walker.....	"	MELFORT.....	A. F. Fairman.....	"	VISCOUNT.....	W. E. Bowen.....	"
ESTERHAZY.....	R. A. Roberts.....	"	MELVILLE.....	W. G. Hart.....	"	WAPPELLA.....	W. B. McIntosh.....	"
EYEBROW.....	S. S. Shaw.....	"	MILDEN.....	W. Michie.....	"	WATROUS.....	F. B. Morfitt.....	"
FILLMORE.....	J. Jack.....	"	MOOSE JAW.....	E. I. Vickers.....	"	WAWOTA.....	R. Callard.....	"
FOAM LAKE.....	A. Cumming.....	"	MOOSOMIN.....	H. C. Allison.....	"	WEYBURN.....	A. E. F. MacLean.....	"
GOVAN.....	A. W. Gunn.....	"	MORSE.....	T. H. Van Wyck.....	"	WILKIE.....	J. A. Wilton.....	"
GULL LAKE.....	J. Macdonald.....	"	NEUDORF.....	A. E. Sharp.....	"	WINDTHORST.....	F. N. Mundell.....	"
HANLEY.....	R. L. Jones.....	"	NORTH BATTLEFORD.....	N. Tambllyn.....	"	WOLSELEY.....	K. S. Macleod.....	"
HARRIS.....	E. H. Pringle.....	"	OGEMA.....	A. E. H. Whitehouse.....	"	YORKTON.....	A. A. May.....	"
			OSBOW.....	A. Kennett.....	"	YOUNG.....	R. B. Irons.....	"

SUB BRANCH

Sub. to	Open for business
SUTHERLAND.....	Saskatoon... Tues. & Fri.
	15th, 16th and last day of month.

BRANCHES IN NEWFOUNDLAND

HEART'S CONTENT.....	C. E. Dawe.....	<i>Mgr.</i>	ST. JOHN'S		
PLACENTIA.....	M. F. Channing.....	"	★226-236 WATER.....	J. Baxter.....	<i>Mgr.</i>
			WEST END.....	H. B. Hadley.....	"
			TRINITY.....	E. B. Rankin.....	<i>Mgr.</i>

BRANCHES IN WEST INDIES

CUBA

BANES..... R. Shaw..... <i>Mgr.</i> BAYAMO..... A. H. Suarez..... " CAMAGUEY..... { A. M. Connolly..... " { P. Rodriguez..... <i>Asst.</i> " CIEGO DE AVILA..... C. E. W. Ward..... " CIENFUEGOS..... L. G. Hairs..... " GUANTANAMO..... J. Baro..... " HAVANA ★ COR. OBRAPIA & AGUIAR..... { A. V. Burn..... " { J. A. Ariosa..... <i>Joint</i> " { R. T. W. Hill..... <i>Asst.</i> " AVENIDA DE ITALIA 407..... { J. A. Fernandez..... " { H. Berry..... <i>Asst.</i> " LONJA DEL COMERCIO { A. Rangel..... " { D. S. Robertson..... <i>Asst.</i> " 	HAVANA—Continued MAXIMO GOMEZ 816... G. H. Gordon..... <i>Mgr.</i> MURALLA 374..... J. A. Yznaga..... " PADRE VARELA 360... P. Godinez..... " PASEO DE MARTI 307... E. Juncadella..... " VEDADO..... R. D. Hatch..... " HOLGUIN..... F. J. Tobin..... " MARIANAO..... L. A. P. Rodriguez..... " MORON..... A. L. Queral..... " PINAR DEL RIO..... M. Garcia..... " SAGUA LA GRANDE..... G. Robau..... " SANCTI SPIRITUS..... M. A. Espinosa..... " SANTA CLARA..... J. A. Garcia..... " SANTIAGO DE CUBA... { R. M. A. Ros..... " { P. H. Eaton..... <i>Asst.</i> " 	PUERTO RICO MAYAGUEZ..... F. R. Colon..... <i>Mgr.</i> SAN JUAN..... { H. M. Grindell..... " { G. R. Conrad..... <i>Asst.</i> " { E. P. Soler..... <i>Asst.</i> " DOMINICAN REPUBLIC CIUDAD TRUJILLO..... { T. B. O'Connell..... <i>Mgr.</i> { W. C. Reid..... <i>Joint</i> " LA ROMANA..... J. M. Johnson..... " PUERTO PLATA..... W. R. Horncastle... " SAN PEDRO DE MACORIS.. L. Rodriguez..... " SANTIAGO DE LOS CABALLEROS..... L. C. Arzeno..... " HAITI PORT-AU-PRINCE..... J. W. Thomsen... <i>Mgr.</i>
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BRITISH WEST INDIES

ANTIGUA ST. JOHN'S..... E. F. Birkett..... <i>Mgr.</i> BAHAMAS NASSAU..... { H. C. McLean..... <i>Mgr.</i> { P. S. Potter..... <i>Asst.</i> " BARBADOS BRIDGETOWN..... C. A. Gilliatt..... <i>Mgr.</i>	DOMINICA ROSEAU..... J. L. McCarthy... <i>Mgr.</i> GRENADA ST. GEORGE'S..... H. W. Whittles... <i>Mgr.</i> JAMAICA KINGSTON..... { H. J. Evennett..... <i>Mgr.</i> { G. V. S. Sharpe..... <i>Asst.</i> " { D. McIntosh..... <i>Asst.</i> " MONTEGO BAY..... W. A. Jemmott... " 	MONTSERRAT PLYMOUTH..... R. White..... <i>Mgr.</i> ST. KITTS BASSETERRE..... L. M. Evelyn... <i>Mgr.</i> TRINIDAD PORT OF SPAIN..... { H. P. Urich..... <i>Mgr.</i> { F. Lazzari..... <i>Asst.</i> " SAN FERNANDO..... H. H. Hart..... "
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BRANCHES IN CENTRAL AND SOUTH AMERICA

ARGENTINA BUENOS AIRES ★ COR. SAN MARTIN & BARTOLOME MITRE { Ed. G. Groning..... <i>Mgr.</i> { W. A. Mosher..... <i>Asst.</i> " CALLE CALLAO..... G. S. Pinsent..... " CALLE SANTA FE..... J. Darre..... " BRAZIL PERNAMBUCO (Recife)... A. R. Wright..... <i>Mgr.</i> RIO DE JANEIRO..... { S. McAlister..... " { A. M. Christie..... <i>Asst.</i> " { R. J. Rogers..... <i>Asst.</i> " SANTOS..... A. W. H. Cameron... " SAO PAULO..... { C. G. Hayes..... " { W. N. Frank..... <i>Asst.</i> " 	BRITISH GUIANA GEORGETOWN..... A. D. Macgillivray. <i>Mgr.</i> NEW AMSTERDAM..... R. H. Johnson..... " BRITISH HONDURAS BELIZE..... A. F. Masson..... <i>Mgr.</i> COLOMBIA BARRANQUILLA..... B. T. O. Bradbury.. <i>Mgr.</i> BOGOTA..... { R. S. Scott..... " { R. Glahome..... <i>Asst.</i> " CALI..... J. Riley..... " CARTAGENA..... E. A. Lough..... " MANIZALES..... A. S. Hamilton..... " MEDELLIN..... R. J. McDonald... " 	PERU LIMA..... { W. H. Duff..... <i>Mgr.</i> { J. Paterson..... <i>Asst.</i> " { H. L. Mann..... <i>Asst.</i> " URUGUAY MONTEVIDEO..... J. R. Peet..... <i>Mgr.</i> VENEZUELA CARACAS..... D. M. Coburn..... <i>Mgr.</i> CIUDAD BOLIVAR..... A. L. Escoffery... " MARACAIBO..... M. W. Newell... "
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BRANCHES IN GREAT BRITAIN

LONDON ★ 6 LOTHBURY, E.C. 2... { E. B. McInerney... <i>Mgr.</i> { G. B. Irvine..... <i>Asst.</i> " { F. E. Watson..... <i>Asst.</i> " WEST END 2 Cockspar St., S.W.1. { J. A. Noonan..... " { J. A. McKillop..... <i>Asst.</i> " 	
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AGENCY IN UNITED STATES

NEW YORK, 68 WILLIAM ST..... { N. G. Hart..... <i>Agent</i> { E. C. Holahan..... " { E. H. O. Thorne..... <i>Asst.</i> " { N. C. Allingham..... <i>Asst.</i> " { T. A. B. Anderson..... <i>Asst.</i> " 	
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RECAPITULATION

BRANCHES IN CANADA AND NFLD:—

Alberta	45
British Columbia	47
Manitoba	56
New Brunswick	22
Nova Scotia	63
Ontario	219
Prince Edward Island	6
Quebec	77
Saskatchewan	76
Newfoundland	5

Branches in Canada and Newfoundland 616

OTHER COUNTRIES:—

West Indies

Cuba	22
Puerto Rico, Dom. Republic and Haiti	8
British West Indies	11

Central and South America

Argentina, Brazil, Uruguay	8
Venezuela and British Guiana	5
British Honduras	1
Colombia and Peru	7

Europe

London	2
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United States

New York	<u>1</u>
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Branches in other countries	65
Branches in Canada and Newfoundland	<u>616</u>

TOTAL BRANCHES (Feb. 1, 1941) 681

