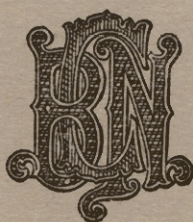


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BANQUE CANADIENNE NATIONALE



SIXTY-EIGHTH
ANNUAL REPORT
NOVEMBER 30, 1942

FEB 12 1943

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BANQUE CANADIENNE NATIONALE

Established 1874

Head Office: MONTREAL

Paid-up Capital and Reserve Fund, \$12,000,000.00

Assets, \$203,628,798.82

**SIXTY-EIGHTH
ANNUAL REPORT
1942**

BANQUE CANADIENNE NATIONALE

BOARD OF DIRECTORS

BEAUDRY LEMAN, *President and Managing Director*

SIR GEO. GARNEAU, *Vice President*

CHAS. LAURENDEAU, K.C., *Vice President*

L. J. ADJUTOR AMYOT

C. E. GRAVEL

HON. C. P. BEAUBIEN

A. J. MAJOR

ARMAND CHAPUT

HON. J. NICOL

AUGUSTE DESILETS, K.C.

LEO G. RYAN

HEAD OFFICE

CHAS. ST-PIERRE - - - - - *General Manager*

YVON LAMARRE }
HENRI DES RIVIÈRES } - - - - - *Assistant General Managers*

J. A. DULUDE - - - - - *Superintendent*

P. DE L. TACHÉ - - - - - *Manager, Credit Department*

ULRIC ROBERGE - - - - - *Chief Inspector*

A. COURTOIS - - - - - *Chief Accountant*

A. G. RUSSELL - - - - - *Quebec District Manager*

LÉON LORRAIN - - - - - *General Secretary*

219 Branches — 310 Agencies

BANQUE CANADIENNE NATIONALE

SIXTY-EIGHTH ANNUAL GENERAL MEETING OF SHAREHOLDERS OF THE BANQUE CANADIENNE NATIONALE

Record of Proceedings at the Sixty-eighth Annual General Meeting of Shareholders held on Friday, the 8th of January, 1943, at twelve o'clock noon, at the Head Office of the Bank, Place d'Armes, Montreal, Canada.

Among those present were: Mr. L. J. A. Amyot, Hon. C. P. Beaubien, Messrs L. E. Beaulieu, K.C., Geo. E. Beaupré, Hubert Biermans, L. Bouthillier, Jean Casgrain, Armand Chaput, Emile Chaput, Arthur Courtois, Hector Cypihot, M.D., Joseph Daoust, Auguste Desilets, K.C., O. Desjardins, Wilfrid Déziel, Dr. Eudore Dubeau, Messrs J. Hector Dubois, J. A. Dulude, Zénon Fontaine, K.C., Horace J. Gagné, K.C., Rosario Genest, K.C., A. Gérin-Lajoie, K.C., J. Nap. Gosselin, C. E. Gravel, Hon. Henri Groulx, Messrs Paul Guimond, Joseph Hurtubise, Raymond Hurtubise, Marc Jarry, J. I. LaBrosse, Yvon Lamarre, J. Donat Langelier, Antoine L'Ecuyer, Beaudry Leman, Léon Lorrain, C. A. Lussier, A. J. Major, F. M. Marcotte, J. E. Mercille, René Morin, Hon. Jacob Nicol, K.C., Messrs Aurélien Noel, Antonio Perrault, K.C., Châteauguay Perrault, Mr. Justice Gustave Perrault, Messrs Chs. Maurice Piuze, J. E. Poirier, Colonel Gustave H. Rainville, Messrs J. Aldéric Raymond, J. Olier Renaud, Ulric Roberge, P. E. Rousseau, Leo G. Ryan, J. P. St-Germain, M.D., Rodrigue St-Onge, Charles St-Pierre, Henri Sauvé, J. Alcide Simard, Mr. Justice Edouard-Fabre Surveyer, Messrs Pierre de L. Taché, Eugène Tarte, Arthur Terroux, J. C. Thivierge, J. A. Trudeau, Ludger Venne.

It was moved by Dr. Hector Cypihot, seconded by Dr. E. Dubeau, that Mr. Beaudry Leman be appointed Chairman and Mr. Léon

Lorrain Secretary of the Meeting. The motion was unanimously carried.

The notice of the Meeting published in the newspapers and certificates to the effect that such notice, together with a form of proxy, the record of attendance of the Directors at Board Meetings and a copy of the Minutes of the Annual General Meeting held on January 8, 1942, had been sent to every shareholder, according to law, were read by the Secretary.

The Record of proceedings at the sixty-seventh Annual General Meeting having been mailed to every shareholder, as evidenced by the certificate just read, it was moved by Hon. C. P. Beaubien, seconded by Leo G. Ryan, and unanimously resolved that this record of proceedings be taken as read and confirmed.

On motion by Mr. Justice Gustave Perrault, seconded by Mr. J. Donat Langelier, it was unanimously resolved that Messrs J. A. Trudeau and Joseph Hurtubise be appointed scrutineers.

The Chairman called upon the General Manager to read the Sixty-eighth Annual Report of the Board of Directors.

SIXTY-EIGHTH ANNUAL REPORT

Gentlemen,

Your Directors have the honour to submit their report on the Bank's operations for the financial year ending November 30, 1942.

PROFIT AND LOSS ACCOUNT

30th NOVEMBER, 1942

Balance at credit of Profit and Loss Account, 29th November, 1941		\$ 252,389.29
Profits for the year ended 30th November, 1942, after providing \$60,000 for Staff Pension Fund and \$335,982.44 for Dominion Government Taxes and making appropriations to Contingent Reserve Fund out of which account full provision for bad and doubtful debts has been made		776,815.05
		<u>\$ 1,029,204.34</u>
Dividend No. 204, paid 1st March, 1942	\$ 140,000.00	
" " 205, paid 1st June, 1942	140,000.00	
" " 206, paid 1st September, 1942	140,000.00	
" " 207, payable 1st December, 1942	105,000.00	
	<u>525,000.00</u>	
Written off Bank Premises	125,000.00	
Provision for payment to the Province of Quebec, Statute 14, Geo. V, Ch. 3	125,000.00	775,000.00
		<u><u>\$ 254,204.34</u></u>
Balance at credit of Profit and Loss Account, 30th November, 1942		

A. COURTOIS
Chief Accountant

C. ST-PIERRE
General Manager

BEAUDRY LEMAN
President

BALANCE SHEET

30th NOVEMBER, 1942

ASSETS

Subsidiary coin held in Canada.....	\$	625,479.43	
Notes of Bank of Canada.....		7,941,075.50	
Deposits with Bank of Canada.....		15,211,326.50	
Notes of other chartered banks.....		62,625.00	
Government and bank notes other than Canadian.....		40,345.01	
Cheques on other banks.....		6,585,767.18	
Deposits with and balances due by other chartered banks in Canada.....		2,178,203.89	
Balances due by banks and banking correspondents elsewhere than in Canada.....		1,906,558.23	\$ 34,551,380.74
<hr/>			
Dominion and Provincial Government direct and guaranteed securities (maturing within two years), not exceeding market value.....		58,214,439.41	
Other Dominion and Provincial Government direct and guaranteed securities, not exceeding market value.....		26,772,172.33	
Canadian municipal securities, not exceeding market value.....		14,464,362.22	
Public securities other than Canadian, not exceeding market value.....		17,388.70	
Other bonds, debentures and stocks, not exceeding market value.....		3,409,814.04	
		\$102,878,176.70	
Call and short (not exceeding thirty days) loans in Canada on stocks, debentures, bonds and other securities, of a sufficient marketable value to cover.....		3,356,985.79	106,235,162.49
			\$140,786,543.23
Current loans and discounts in Canada, estimated loss provided for.....		48,442,988.71	
Loans to Provincial Governments.....		391,218.00	
Loans to cities, towns, municipalities and school corporations.....		6,398,192.62	
Non-current loans, estimated loss provided for.....		158,479.74	55,390,879.07
<hr/>			
Liabilities of customers under acceptances and letters of credit as per contra.....		345,402.47	
Real Estate other than Bank premises.....		1,389,628.56	
Mortgages on real estate sold by the Bank.....		706,083.82	
Deposit with the Minister of Finance for the security of note circulation.....		178,537.31	
Bank premises at not more than cost, less amounts written off.....		4,620,930.03	
Other assets.....		210,794.33	7,451,376.52
			<u>\$203,628,798.82</u>

LIABILITIES

Capital paid up.....	\$	7,000,000.00	
Reserve fund.....		5,000,000.00	
Balance of Profit and Loss Account (after deducting payments to the Province of Quebec, Statute 14, Geo. V, Ch. 3).....		254,204.34	
Dividends declared and unpaid.....		5,707.52	
Dividend payable 1st December, 1942.....		105,000.00	\$ 12,364,911.86
<hr/>			
Notes of the Bank in circulation.....		3,001,652.00	
Deposits by and balances due to Dominion Government....		16,712,011.05	
Deposits by and balances due to Provincial Governments....		2,084,893.18	
Deposits by the public not bearing interest.....		50,238,786.93	
Deposits by the public bearing interest, including interest accrued to date of statement.....		116,403,007.40	
Deposits by and balances due to other chartered banks in Canada.....		1,743,780.64	
Deposits by and balances due to banks and banking correspondents in the United Kingdom and foreign countries.....		689,049.23	190,873,180.43
<hr/>			
Acceptances and letters of credit outstanding.....			345,402.47
Other liabilities to the public.....			45,304.06
<hr/>			
			<u>\$203,628,798.82</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We beg to report to the Shareholders of Banque Canadienne Nationale that we have checked the cash and verified the securities of the Bank at the Chief office as at 30th November, 1942, as well as at another time during the year, and found they agreed with the entries in the books in regard thereto.

We have examined the books and accounts at Head Office and have compared the above Balance Sheet with these books and with the certified returns from the branches. In our opinion, the Balance Sheet is properly drawn up so as to disclose the true condition of the Bank as at 30th November, 1942, according to the best of our information and the explanations given us, and is as shown by the books of the Bank.

We have obtained all the information and explanations required by us, and in our opinion the transactions of the Bank which have come under our notice have been within the powers of the Bank.

MAURICE CHARTRE, C.A.	} Auditors.
of Chartré, Samson & Cie	
JOHN W. ROSS, C.A.	
of P. S. Ross & Sons	

Montreal, 19th December, 1942.

BEAUDRY LEMAN
President

C. ST-PIERRE
General Manager

A. COURTOIS
Chief Accountant

Net profits of \$776,815 are approximately \$34,500 lower than those of the previous year, whilst taxes were more than \$84,000 higher.

Total deposits reached a new peak at \$185,438,698, as against \$153,397,158 a year ago. Deposits by the public not bearing interest, almost twelve and a half million dollars greater, amount to \$50,238,787, and deposits by the public bearing interest, which show an increase of more than eight million dollars, stand at the record figure of \$116,403,007. Dominion Government deposits gained \$11,800,000, while Provincial Government deposits were lower.

On November 30, 1942, the notes of the Bank in circulation amounted to \$3,001,652. They show a decrease of some \$605,000, in comparison with the figures of the preceding year, in accordance with the provisions of the Bank Act which gradually contracts the issuance of chartered banks' notes. As of the first of January, 1943, the amount of the notes each bank is authorized to issue is limited to 45% of its paid up capital.

Total assets of \$203,628,799, an all-time high, increased by more than 32 million dollars during the past year. Cash assets of \$34,551,381, against \$27,952,468 twelve months ago, represent 18.10% of liabilities to the public. Quick assets have passed from \$106,122,613 in 1941 to \$140,786,543. This advance of more than 34½ million dollars has raised the ratio of quick assets to liabilities to the public from 66.80 to 73.74 per cent.

Current loans and discounts aggregate \$48,442,989. This is a decrease of about 1½ million dollars, or 3.05%, whereas total loans and discounts of all banks, as at October 31 last, had declined by 12.14%. War industries, being financed in an increasing measure by the State, have less recourse to the banks and undertakings catering to civilian requirements have had to curtail their operations on account of the restrictions placed on them.

The Bank's investments, consisting chiefly of high grade short term securities, stand at \$102,878,177, in comparison with \$74,712,664 on November 29, 1941. Bank resources which do not find employment in commercial loans are diverted to investments. The policy of cheap money has brought about a substantial decline in the yield of securities, as evidenced by the short term advances the banks have made to the Federal Government, in the latter part of the year, at a rate of ¾ of 1% per annum.

Faced with the low rental value of money on Dominion loans, a rise in operating expenses and increased taxation, the Board of Directors deemed it advisable to cut down from 8 to 6 per cent the annual dividend rate, starting with the last quarter of the fiscal year. The Board acted in conformity with the policy generally adopted by the banks who were confronted with the same conditions. Profits were allocated as follows: \$525,000 in dividends, as compared with \$560,000 in 1941; \$125,000 to the Province of Quebec,

under 14 George V, chapter 3; \$125,000 for depreciation of premises, and \$60,000 to the Staff Pension Fund. The balance at credit of Profit and Loss Account was \$254,204, against \$252,389 on November 29, 1941.

The chartered banks are co-operating with the State in the war effort. They make temporary advances to the Treasury; they receive subscriptions to the Victory Loans, distribute the securities and, when requested so to do, they extend to the public safe keeping facilities; they encourage thrift through the issuance of War Savings Certificates, and they lend their support to the various measures of control and regulation which are rendered necessary by the present circumstances. However, like other private undertakings, the banks are obliged to restrict their services as much as possible. With this end in view, agreements are being entered into in order to reduce unnecessary duplication of branches. The policy of curtailing superfluous offices will continue this year. The public must rest assured, however, that the contraction of banking services, both in urban and rural centers, will be the subject-matter of close scrutiny by banking authorities in order to minimize the inconvenience to clients.

In pursuance of such agreements, the Bank closed the following offices, in the course of the past year: at 1036 Ontario Street East, 5901 Papineau Avenue, 4600 Notre-Dame Street West, 2496 Bélanger Street East and 1042 Fleury Street, in the City of Montreal; at 7688 Edouard Boulevard, Ville La Salle; at Laval-des-Rapides, Buckingham, Notre-Dame de la Salette, Perron, St. Pascal and Ste. Hélène (Kamouraska), in the Province of Québec; and at Maxville and Apple Hill, Ontario.

It is for us a pleasant duty to acknowledge that, in the course of last year, the members of the staff have discharged their duties conscientiously and have endeavoured, often under arduous conditions, to serve as best they could the Bank and its clients.

THE PRESIDENT'S ADDRESS

Gentlemen,

In moving the adoption of the annual report of the Bank, which Mr. Charles St. Pierre, General Manager, has just read, I should like to add a few remarks on business conditions.

Agricultural Production

Agricultural production in Canada has been more bounteous than ever during the year which has just come to a close. The Dominion Bureau of Statistics places a gross value of eleven hundred and

eighty millions of dollars on the field crops of 1942. This estimate would represent an increase of 73% over the figures of last year and has never been exceeded, save in 1920 when foodstuffs commanded abnormally high prices. The crops of wheat, oats and barley have established records in quantity, which is all the more remarkable as this was due to the increase in the yield per acre.

Canada, which had a carry-over of some 400 million bushels of wheat last year garnered last autumn some 600 million bushels, whilst the United States had a crop of nine hundred and eighty million bushels. When account is taken of the crops of Australia and Argentina, the total production from these four countries will have added nearly two thousand million bushels to the carry-over of one thousand million bushels. It is gratifying to think that there are available ample stocks of breadstuffs to feed a hungry world.

The growing demand for Canadian foodstuffs due to war conditions and to the blockade of the products of many competing countries, has stimulated stock raising and dairying, whilst steadying the prices of these products. It is estimated that the income of the farmers, during the first nine months of 1942, will exceed 671 millions of dollars, as compared with 590 millions for the same period of 1941. This increase of 13.6% is exclusive of the bonuses and subsidies granted to various classes of producers. Some products of the farm, such as wheat, are somewhat slow in moving to market, whereas others such as meat, eggs, butter and cheese, are insufficient to meet the demand. Seeking to establish a better balance between supply and demand, the Federal Minister of Agriculture has prepared a programme of production which should more satisfactorily correspond to present requirements and which would result in a further improvement of the situation of the rural class.

Industrial Activity

1942 has witnessed, in Canada, a year of record industrial activity. The production of hydro-electric energy has held throughout the year at the highest level in the history of this country. Governments and private companies have intensified, particularly in the Province of Quebec, the development of hydraulic resources, undertaken since the beginning of the war, thereby considerably augmenting the motive power available in Quebec.

Mining operations generally have been on a larger scale than formerly, with the exception of gold and silver mining, the latter having had to subordinate their labour requirements to the needs of mines producing base metals indispensable to the pursuit of the war. The pressing need for base metals is bringing into production new ore bodies and fostering exploration and prospection. The Federal Government and the Province of Ontario have co-operated with private interests to open up and develop the iron deposits at Steep Rock Lake, wherefrom high grade iron ore will be extracted, the initial output being estimated at one million tons a year. Refineries

of non-ferrous metals such as copper, lead, zinc, aluminium and antimony are working at maximum capacity. The output of aluminium is more than five times greater than it was three years ago.

At the end of last year, disbursements for war purposes, including construction of new plants and requisitions for materials, exceeded six thousand million dollars. The production of armaments and munitions is now rated at about twenty-five hundred million dollars a year. Additionally, Canada has shipped to Great Britain and other United Nations, since the beginning of hostilities, foodstuffs, lumber, minerals and sundry products of a value of fifteen hundred million dollars. Naval construction which, before this war, occupied only a small number of workmen, now gives employment to over 50,000 men and women. Dependable estimates place at nine hundred million dollars the value of ships under construction or projected.

These various undertakings, stimulating activity in steel and other metallurgical plants, in the automobile industry, now devoting all its capacity to the manufacturing of vehicles for military purposes, and in many other branches of manufacturing, are making heavy calls on raw materials. Additionally, all the mills catering to the needs of the armed forces see their facilities taxed to the limit.

Employment

Employment, which had been on the up-grade since the beginning of the war, has made further progress during the past year. Chemicals, iron and steel, transportation, logging, smelting, electrical equipment, cotton textiles, lumbering and food industries all show considerable increases in the employment of labour. Statistics disclose that the 13,200 reporting establishments had under employment on 1st October, 1,815,672 persons, to wit 1,403,353 men and 412,319 women, and that over 70% of the women were working in manufacturing industries. The number of women employed in factories has reached the high percentage of 22.7% of all wage earners.

War Economy

The war expenses for the present fiscal year will probably sum up to about four thousand million dollars. These figures set out in bold relief the measure of our economic effort, but they also direct attention to the burden which weighs on a country of eleven and a half million people, a country which seeks to be, at one and the same time, a granary, an arsenal and a source of man-power for the armed forces.

Now if, as we are advised by some eminent statesmen, we must gird our loins to endure a war of attrition which may last a few years more, it is well to bear in mind the old proverb: "Slow and

steadily wins the race". To win the peace, following a war of attrition, it is necessary to hold reserves of man-power, capital, supplies, foodstuffs and raw materials. Influence in worldly affairs will pass from those countries which must seek assistance to those which will be capable of giving it.

Moreover, the power and strength of a belligerent country are closely related to the maintenance of a sound balance between its war economy and its civilian economy. A disruption of the equilibrium between the two is apt to have serious consequences. An excessive, premature or misdirected war effort, that would throw out of balance the national economy, fulcrum on which rests our contribution to the war, would be harmful for the present. Furthermore, after the war, our country would be unable, if its economic condition is unsound, to shoulder the heavy responsibilities which will be thrust upon it.

The Human Factor

The shortage of man-power, which manifests itself more clearly every day, may be due, in a measure, to the absence of a general plan having in view the systematic allocation of the able-bodied population of this country respectively to military and economic requirements. Be that as it may, already the shortage of man-power is being seriously felt in branches of production as vital as agriculture, stock raising, forestry operations, collieries, and in certain mines whose output is indispensable to the pursuit of the war. Should we not profit by the experience of Great Britain where it has been found necessary to restore to their work some 50,000 coal miners who had been enlisted in the armed forces? One hears mention of vast migrations of laborers from one part of this country to another, but it would seem reasonable to proceed with caution in this regard and carefully to survey the situation before enforcing such measures. It would be worse than useless to fill up gaps by creating new ones.

All will remember the strictures passed on certain industries which had invited residents of rural districts to move into newly established urban centres, with the result that thousands of people suffered severe hardship at the first signs of depressed business conditions. Humans cannot be shifted without any more ado than if they were bales of merchandise. The first care of the controller of man-power in the United States, Mr. McNutt, appears to have been to meet the needs of agriculture and to improve the lot of agricultural labour. The employment of thousands of women, drawn from the home, is likely to have serious repercussions, not only in the realm of economics, but on moral and social standards.

Man-power, raw materials, machinery, fuel and motive power are not available in unlimited quantities, no more in Canada than in other countries. War industries must draw their labour, to a

large extent, from enterprises who cater to the civilian population. No one will question the necessity of bearing the sacrifices rendered necessary by the present circumstances. Nevertheless, whether we have to face a long or a short war, it is imperative to cope with the essential requirements of the civilian population. It would seem to be a short-sighted policy to remove from enterprises of a permanent and stable character man-power which would have to be restored thereto a few months hence.

The Manchester Guardian recently gave a warning which should be heeded in Canada as well as in Great Britain. The conclusion of this article read as follows:—

“Wages and salaries might cease to be incentives to necessary work if the money earned could not confer enough real satisfaction. People with plenty of money and little to buy may burst through the controls and create a really large black market, or barter trade. Whether the danger becomes serious depends as much on the moral authority of Government as on purely financial precautions, but in both directions great care must be exercised.”

Taxation

The war budget of the present fiscal year will account for about 50% of the national income, as against a maximum of 10% in the course of any one year during the first world war. This parallel reveals the magnitude of the fiscal effort which the Government is asking this country to make. In the eyes of some economists, the increase in the national income warrants the enormous growth of imposts. But the rise in the national income is not uniformly apportioned, with the result that a large number of the salaried people and of the rentiers have witnessed a growth of their fixed charges, whilst their income remained stable, when it was not lower. The income tax in Canada appears to be heavier than it is in Great Britain, and undoubtedly is substantially higher than it is in the United States. In many cases income taxes cease to be a tax on revenue and become a levy on capital and savings. These levies not only cause a reduction in the purchasing power of civilians, which is proper and inevitable in war time, but make it well nigh impossible for the middle class to practise thrift and save something for a rainy day. Persons in receipt of a fixed income and those who had made commitments before taxation sought possession of a large share of their revenues are in a more or less serious predicament. Numerous industrial concerns, whose plant and machinery depreciate all the more rapidly that the demands upon their output is greater, are not able to retain, after payment of taxes, the amounts necessary to amortize their installations and provide for their modernization. When the war is over, how will our industrial establishments be able to cope with the demands made upon them for reconstruction abroad and for the maintenance of acceptable

social standards in Canada, if these enterprises, big and small, are not in sound financial condition?

The Bureaucratic State

Many criticisms appear in speeches and articles, regarding the hold taken by bureaucracy on all forms of economic activity. The critics claim that the regimentation resulting therefrom may be put up with in war time but would become intolerable in peace time. Strange to say, these criticisms often originate from those who were in the forefront in pressing the Government to enact measures which were bound to bring about bureaucratic control. We have drifted imperceptibly towards a managed economy. The setting up of vast establishments such as the National Railways, the Quebec Liquor Commission, the Hydro-Electric Commission of Ontario, the Bank of Canada, the Toronto Transportation System, the Workmen's Compensation Commission, etc. etc. was considered, in each case, as an exception creating no precedent, thus blinding us to the fact that the State was extending its hold over the affairs of the country. We now realize that public ownership and operation are widespread and affect many branches of economic activity. The first world war had seriously undermined free enterprise and individual capitalism and it may well be that the present war will leave them seriously crippled. We can seek a measure of consolation in the thought that autocratic bureaucracy is neither an unmixed blessing nor an unmitigated evil. Its merits and demerits depend largely upon the men who exercise the power. The captains of industry and the magnates of finance may have to acquire the necessary qualifications to become efficient civil servants.

The omnipresence of the State finds numerous partisans, in all classes of society. The Beveridge report, which was made public last month, brings additional evidence of this trend. Sir William Beveridge, after a survey of the situation in Great Britain, brings forward recommendations in favour of a system of social security binding on all men, women and children in the British Isles, without regard to age, income or class. His plan embodies the distribution of benefits to the unemployed, to those suffering from industrial or non industrial disability, to those entitled to old age pensions, to working women on the occasion of their marriage and to defray funeral expenses. The costs would be apportioned between the recipients of these benefits, the employers and the State. The British press, of all shades of opinion, has given the Beveridge report a favourable reception; it is now under study both in Canada and in the United States.

It will doubtless be necessary to extend, for a period whose length will be proportionate to the duration of the war, the controls, ceilings, rationing and other measures of regimentation. Were it otherwise, the purchasing power of the public, pent up through subscriptions to war loans, would be suddenly released. Price

inflation would be set in motion, with the result that the evils of inflation, instead of having been prevented, would have been merely postponed. Many will recall that, at the time of the first world war, inflation became manifest principally after the armistice.

It may well be the part of wisdom to become reconciled to a bureaucratic regime for a number of years. The best one can expect is that the situation does not worsen. However, the Canadian people, who shunned the domination of either Germany or Japan, would not readily accept the philosophy and social standards of Communism. Far-seeing statesmanship will seek to avoid making a choice between the lesser of two evils and endeavour to steer clear of both.

The Post War Period

Even though the present conflict should last for some time, it would seem none too soon to begin the study of post-war problems. However well hidden may be the future, no one can doubt that, on the return of peace, hardships, misery, illness and depression will prevail in many countries of the world. Europe, who during many long years will have devoted to war purposes all its resources and all its productive capacity and who will have been visited by devastations unparalleled in history, will be compelled to rebuild a great many of its towns and ports, to renew its railway lines and equipment and to replace its industrial plant and machinery. This programme will call for enormous quantities of foodstuffs and raw materials imported from abroad. The requirements will be no less pressing as regards part of Asia and of Africa.

Canada will be, with the United States, one of the countries capable of contributing to this colossal restoration. The war will have stimulated the production of raw materials and brought about the development of our equipment and the training of technicians and skilled workmen. Demobilization and the closing of war industries will make available thousands of workers of all categories. We will be able to place our resources at the service of countries impoverished by the war, insofar as our own country will be in sound financial condition. If our fiscal policy has been cautious and clear-sighted, we may hope that the period of transition from war to peace will pass without serious dislocations. Our ability to overcome the difficulties which are bound to develop after the war will, in a large measure, determine the standing and the future of Canada in a new world.

The scrutineers reported that 3,832 shares were present and 24,633 represented by proxy at the Meeting, a total of 28,465 shares.

It was moved by Mr. Baudry Leman, seconded by Mr. L. J. A. Amyot, and unanimously resolved, that the Sixty-eighth Annual Report of the Board of Directors be approved by the Shareholders.

Mr. Rosario Genest, K.C., seconded by Mr. Joseph Daoust, moved a vote of thanks to the President, the Vice Presidents and the other members of the Board in acknowledgment of the efficient administration of the affairs of the Bank. The results achieved, stated Mr. Genest, under the trying circumstances of the present time bear testimony to the care which the Directors of the Bank have exercised in the discharge of their duties and called for congratulations on behalf of the Shareholders.

In seconding the motion, Mr. Joseph Daoust pointed out that the duties of the Directors were all the more arduous that it seemed difficult to obtain satisfactory results in view of the very low rental value of money and credit facilities.

The motion was unanimously adopted.

The President expressed, in behalf of his co-directors and in his own name, their sincere appreciation of the kindly thought voiced by the Shareholders.

Mr. Antonio Perrault, K.C., moved that the thanks of the Shareholders be tendered to the General Manager and to the members of the staff of the Bank in recognition of their conscientious work and courtesy, both important factors in the progress of the Bank.

Mr. L. E. Beaulieu, K.C., in seconding the motion, drew attention to the loyal support extended by the staff of the Bank both to the Bank itself and to its large clientèle.

The motion was unanimously adopted.

The General Manager, both for himself and in the name of the staff of the Bank, thanked Mr. Perrault and Mr. Beaulieu and added that he was most happy to join in the compliments applying to the employees of the Bank.

The Secretary read letters from Mr. Maurice Chartré, C.A., and from Mr. John W. Ross, C.A., offering their services to the Bank as auditors for the financial year 1942-1943.

Upon motion of Mr. J. Hector Dubois, seconded by Mr. Eugène Tarte, it was unanimously resolved that Messrs Maurice Chartré, C.A., and John W. Ross, C.A., be appointed auditors, for the financial year ending November 30, 1943, and that their remuneration be set at a total amount not exceeding \$10,000 to be divided between them according to the time devoted by each to the affairs of the Bank.

It was moved by Mr. Hubert Biermans, seconded by Mr. Gustave H. Rainville, and unanimously resolved: That, should normal relations between Canada and France be resumed, Mr. Beaudry Leman and Mr. Charles Laurendeau be authorized, together or each of them, to act as attorney or proxy of Banque Canadienne Nationale

at any and all meetings of the shareholders of Banque Canadienne Nationale (France) and to delegate their powers as such to any person or persons which they may nominate.

Hon. Henri Groulx moved, seconded by Mr. J. Aldéric Raymond, that the meeting proceed to the election of Directors and that one ballot, which he read, be cast evidencing the decision of the Meeting. This motion was unanimously carried.

The ballot was handed to the scrutineers who reported that the following Shareholders had been elected Directors of the Bank:

Mr. L. J. Adjutor Amyot
Hon. C. P. Beaubien
Mr. Armand Chaput
Mr. Auguste Desilets, K.C.
Sir George Garneau
Mr. C. E. Gravel
Mr. Charles Laurendeau, K.C.
Mr. Beaudry Leman
Mr. A. J. Major
Hon. Jacob Nicol
Mr. Leo G. Ryan

The scrutineers' report was unanimously confirmed.

The Meeting then adjourned.

At a meeting of the Board of Directors of the Bank held immediately after the Annual Shareholders' Meeting, Mr. Beaudry Leman was elected President and Managing Director of the Bank and Sir George Garneau and Mr. Charles Laurendeau were elected Vice Presidents.

CORRESPONDENTS OF THE BANK

CANADA

Bank of Montreal.

UNITED STATES

NEW-YORK:

Bankers Trust Co.
Chase National Bank.
National City Bank.
Irving Trust Company.
Guaranty Trust Company of New York.
New York Trust Company.
Public National Bank & Trust Co.

BOSTON:

First National Bank.
National Shawmut Bank.

BUFFALO:

Marine Trust Company.

CHICAGO:

Continental Illinois National Bank and Trust Co.

LOS ANGELES:

Security-First National Bank of Los Angeles.

PHILADELPHIA:

Philadelphia National Bank.

PITTSBURGH:

Mellon National Bank.

ST-PAUL:

First National Bank.

AFRICA

Barclays Bank (Dominion, Colonial and Overseas).

AUSTRALIA

Union Bank of Australia, Limited.
Comptoir National d'Escompte de Paris.

GREAT BRITAIN

LONDON:

Barclays Bank Limited.
Clydesdale Bank Limited.
Comptoir National d'Escompte de Paris.
Crédit Lyonnais.
Société Générale de Crédit Industriel et Commercial.

NEW ZEALAND

Bank of New Zealand.

SOUTH AMERICA

ARGENTINA:

First National Bank of Boston, Buenos Aires.

SPAIN

BARCELONA:

Banco Espanol de Crédito.

MADRID:

Crédit Lyonnais.

SWITZERLAND

BASLE:

Banque Commerciale de Bâle.

ZURICH:

Société de Banque Suisse.

WEST INDIES

Barclays Bank (*Dominion, Colonial and Overseas*).

