THE ROYAL BANK OF CANADA 74th ANNUAL MEETING

Morris W. Wilson, President and Managing Director, urges post war planning on basis of free enterprise—Only system likely to appeal to self-reliant young Canadians.

Sydney G. Dobson, Vice-President and General Manager, reports assets over $1,291,000. — Liquid position exceedingly strong—War adds heavily to routine duties of banks.

The intent and ability of the free enterprise system to meet the challenge of the post war world was the keynote of an address by Morris W. Wilson, President and Managing Director of The Royal Bank of Canada at the bank's 74th Annual Meeting.

"Assuming intelligent co-operation on the part of government," said Mr. Wilson, "free enterprise, which has already provided for the people who live under it the greatest degree of comfort and security in the world's history, can meet the challenge of the post-war world. It can, by accepting further social responsibility, save the people from the evils that accompany state control—obliteration of private life, destruction of personal freedom, elimination of individual incentive, and the extinction of those extra gains which fairly go to those who work specially hard.

"Free enterprise, with its wealth of experience, established position, and wide resources, is the only system known to us under which the job can be done. The prophet who now foretells that our whole system will be swept away in favour of some economic heaven and earth as yet unformed, is not only misguided but dangerous. He is dangerous because his preachings interfere with confident concentration on the war effort, and they are menacing to the practical solution of the problems of peace.

"Changes must take account of realities rather than theories. When this war is won, the soldier will wish to get back to his everyday life; the farmer will still want to own his farm; the small house-owner will desire to retain his ownership; the retailer, the wholesaler, and the manufacturer will be found as anxious as ever to carry on their own branches of our free enterprise; and the three million thrifty holders of their country's bonds will still look for, and be entitled to, their interest earnings.

"The idea of profit, which is merely payment for work and initiative, is deep-rooted in human nature, and after the war it will still motivate individuals and corporate bodies. In progressive countries, development is constant. As to sudden, revolutionary change which would uproot the economic system, upset the mode of life and disperse the savings, investments and insurance of the people of this nation, I think the proposition needs only to be stated to reveal its folly. At the same time, it is dangerous to allow its propaganda to go on unanswered."

BENEFITS OF FREE ENTERPRISE

Mr. Wilson said he did not ridicule the views of anyone upon the sole ground that he was a socialist or demagogue.

"The weakness however, of those who theorize about post-war economy" he said "often lies in their lack of practical experience of business and their disregard of the widespread, undeniable diffusion of the benefits of free enterprise in the form of rising standards of living. This experience and these facts are readily available. Business should assemble and analyze them, and present to the public their irresistible conclusions, showing the true intent and ability of the system of free enterprise to do the things that need to be done. That is the only real way to carry the judgment of the people.

"There are plenty of hard-headed people in Canada who, for instance, have money in the bank; there are more than five million deposit accounts, totalling more than $3,300 million. Your bank alone has substantially over one million deposit accounts. There are more than three million Canadians holding their country's Victory Bonds, War Savings Certificates or other government obligations. There are more than four million individual holders of life insurance policies in Canada. These are the people who, alert to their own well-being, will tell the theorists and agitators what changes are acceptable in the mode of life which, with all the faults it may possess, has produced these savings and these bulwarks of personal and family security. These are the people who must be considered by those who seek to influence the course of events."

Mr. Wilson readily acknowledged that the system of free enterprise — in fact the whole economic system and our institutions of free Government, were the results of evolution and expressed the conviction, that some of the changes which had been brought about by the war would remain. "There must and will be development, particularly in the realm of maximum employment and freedom from want. The ordinary people of the world will look to some agency at the war's close to avert mass unemployment. No pretentious plans for pensions, nor all the social security measures devised by Governments will be effective without a solution of the employment problem," he said.

COLLECTION OF TAXES

Referring to the present method of collecting personal income taxes, Mr. Wilson expressed the opinion that the present eight months' lag in payments created a most serious difficulty so far as the individual taxpayer was concerned and could not be in the best interests of the country. He pointed out that at present the taxpayer was always eight months in arrears in his payments and that this extra tax liability could, under certain circumstances, become a very serious burden. He felt that a cancellation of taxes for the eight months involved would not necessarily result in any diminution of revenue to the State. It would only become necessary to retain the higher scale of taxation for a somewhat longer period, and at all times the Government would then be collecting its taxes from current earnings and not on earnings of the preceding year. Mr. Wilson hoped that the Government would respond favourably to the many representations that were being made to it on this subject.

GENERAL MANAGER'S ADDRESS

In presenting the financial statement, Mr. Sydney G. Dobson, Vice-President and General Manager noted that the present high tempo of business activity due to war was clearly reflected in the bank's balance sheet and that under a number of headings record levels had been attained. Despite steady expansion in the bank's business, profits had been reduced, due in part to relatively low yields on the bank's heavy investments in government bonds and to increased taxes.

Because of the decrease in net income, the bank had found it necessary to reduce the dividend rate of 8% to 6%. In this connection Mr. Dobson noted that during the past 12 years bank shareholders had had their dividends reduced more drastically than those in most other lines of business and that on the basis of to-day's dividend, the return is only 3.27% on the average cost of the shares to the public over a period of years.

"Total assets are now $1,291,615,946, an all-time high in the history of the bank and an increase during the year of $216,496,185," said Mr. Dobson. "Our liquid position is naturally very strong, total liquid assets of $906,440,239 representing 75.44% of our total liability to the public."

Mr. Dobson also noted that deposits totalling $1,181,217,192 had increased by over $225,000,000. Of the total $929,039,940 were in Canada.

COMMERCIAL LOANS

"Commercial Loans in Canada expanded during the year $13,365,555, and are now $255,148,401. Included in this amount are temporary loans of $42,971,183 to assist purchasers of Victory Bonds. As there was but a small total of such loans current at the end of the previous year, it will be seen that ordinary commercial loans are considerably lower as compared with a year ago. Considering the tremendous expansion in business activity throughout Canada, the situation is anomalous, but the explanation is that the expansion is largely in connection with war work. This is either financed directly by the Government, or, because of prompt settlement for monthly or fortnightly accounts, the manufacturer is able to finance without any, or at any rate with very moderate, assistance. There has never been a period in the history of this bank—and I may say a similar situation applies to the other banks—when the ratio of commercial loans to deposits has been so low. The outlook in this respect is not encouraging, as unfortunately the tendency seems to be for the Government to extend its policy of directly financing industry engaged in war work."

The General Manager reported that, in conformity with the government's wish to conserve manpower, the bank had closed 39 offices. This, he said, did not mean lessening of business for the bank but rather a consolidation. It did, however, represent an inconvenience to some of the bank's customers but he felt that they would appreciate that the exigencies of war necessitated such steps.

MANY OF STAFF IN UNIFORM

"During the war period our staff in Canada has increased from 5,165 to 6,049, the new members being almost all young women. Our male staff is now reduced to 38 per cent. of the total and it is not uncommon to find that at a branch with 15 to 20 employees there are only 4 or 5 men. I cannot speak too highly of the manner in which these new members of our staff, many without any previous business experience, have carried on their duties, often under difficult conditions. Routine work has increased as a result of war activity. The handling of Victory Loan applications and the negotiation of coupons alone entail a great deal of additional work and the volume of cheques in circulation has grown considerably. Many of the young women recently engaged are called upon to assume responsibilities which under normal conditions would be performed by experienced men. This means that the senior officers, in addition to looking after their own duties, must devote much time to supervision and training.

"We are proud of the contribution made by our staff to the armed services. Since the outbreak of war we have granted leave of absence for military service to 1,876 men. Of this number, 1,792 enlisted from Canadian branches, and this is equivalent to well over half of the male staff under 45 years of age at the outbreak of war. I am sure I am voicing the feeling of the shareholders when I say that we wish a safe return to these men who are serving their country so patriotically.

"Unhappily there have been casualties. Thirty-four of our young men, whose names are recorded in the printed proceedings of this meeting, have given their lives in the service of Canada. These names are held in honour, and we pay tribute to their memory."

ANNA THE RIVETER

Her name's not Rosie, but she's the champion woman riveter at a Canadian shipyard somewhere on the Atlantic coast. Like many other women, Anna Mae Mackay helps build 5000-ton ships.

Pilots' Uniforms Made Flame-proof

A new formula whereby uniforms worn by R.A.F. pilots may be made flame-proof has been discovered by the scientists G. A. Petzoldt and his son G. E. C. Petzoldt, it was revealed recently.

Their research was financed by the shipping magnate, Sir Hector MacNeal, who wanted to contribute to the safety of R.A.F. fliers after his son-in-law was killed in operations over the North Sea in 1940.

In a demonstration of the formula, young Petzoldt donned one of the flame-proof suits, was sprayed with gasoline and set afire but was not harmed.

British Tar Turns From Rum To Milk

The modern Royal Navy is turning more and more from rum to milk.

The navy reported that only 60 per cent of its sailors now take their rum ration, compared with 65 per cent in 1924, 88 per cent in 1913 and 91 per cent in 1850.

It said 24,000,000 cans of condensed milk were supplied to the fleet in recent months.

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Have You Heard

The officer gazed sternly at the private who had been brought before him.

"Did you call the sergeant a liar?" he demanded.

"I did, sir."

"And a twister?"

"Yes, sir."

"And did you go on to describe him as a pop-eyed, knocked-kneed, black-blighted stooge?"

The private hesitated. Then, with a note of regret in his voice, he replied:

"No, sir, I forgot that!"

The man at the theatre was annoyed by the conversation in the row behind. "Excuse me," he said, "but we can't hear a word."

"Oh," replied the talkative one, "and is it any business of yours what I'm telling my wife?"

A young lady, finding herself stranded in a small town, asked an old man at the station where she might spend the night.

"There ain't no hotel here, but you can sleep with the station agent."

"I'll have you know I'm a lady."

"So is the station agent."

"So he said I was a polished gentleman, did he?"

Well, yes. It meant the same thing."

"Ah! What was the exact word?"

"He said you were a slippery fellow."

A teacher, examining a class, asked the following question of a little girl, intending it for a catch:

"What was the difference between Noah's Ark and Joan of Arc?"

"Noah's Ark was made of wood and Joan of Arc was maid of Orleans."

"You called the plaintiff a rogue, a swindler and an ass. Why did you box his ears into the bargain?"

"Well, he is rather hard of hearing."

The British Y.M.C.A. services are staffed by 100,000 volunteer workers.

SIX-CENT SHAVE

Cigarettes may be six dollars in China, but this American soldier in India is getting a shave for six cents. Mohammed Yagub, the barber with the many implements in his belt, goes the rounds giving Yanks in New Delhi shaves before reveille. Sergt. Wilbur E. Brandt of Cleveland is enjoying this one.

Modern Etiquette

By Roberta Lee

1. Is it proper for one to tip his soup plate at the dinner table in an effort to scoop out the last drop?

2. Is it proper for a man to use a double sheet for his note paper?

3. What does it indicate when a person laughs loud and almost shouts when talking?

4. Does a woman ever take the aisle seat when she is attending a theatre with a man?

5. What kind of flowers should a bride wear if she is married in traveling costume and prefers not to carry an arm bouquet?

6. When a hostess notices that a certain guest is eating but very little, should she call attention to it?

Answers

1. No. It is far better to leave a little soup in the plate. A bowl or dish of any kind should not be tilted. 2. It is all right to do so, but a single sheet is preferable. 3. It indicates one of two things, ill-breeding or nervousness. A person who is well-bred and perfectly poised will not laugh so loudly that it can be heard fifty feet away, and in conversation will always speak in a low, modulated voice. 4. Never. She always enters the row first, and her escort takes the aisle seat. 5. She may wear a corsage of orchids, gardenias, or any flower that suits her fancy. 6. Never. Perhaps the guest is not feeling well. It is better to say nothing unless the guest offers an explanation.

Waste Paper

Waste paper is so urgently needed in Britain that householders have been asked to search their cupboards and bookshelves anew and send to salvage authorities any books not considered worth keeping.

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