

Canada's War Effort Only Bounded by Its Production Volume

President of Bankers' Association Says Canada Finance Full Volume that Can Mechanically be Produced.

Canada's financial ability to handle her war effort without upset to the national economy is bounded "only by the volume that can be mechanically produced" was the arresting statement made by H. T. Jaffray, president of the Canadian Bankers' Association at the recent annual meeting of that body. He based this conviction upon a review of the strength revealed in the position of the chartered banks at the end of the first year of war, as well as upon the extent of the country's material, natural and financial resources.

In view of the standing of Mr. Jaffray and the position occupied by the association, the address is worthy of particular attention at this time.

Highlights of Speech
 "A nation's war effort," said Mr. Jaffray, "must, in the final analysis be governed by its financial strength". A sharp condemnation of suggestions for inflation or "funny money" featured the speech. Other highlights included a warning that taxation if carried to extremes could, by its impact upon inventories, produce all the privations of deflation; an expression of confidence in regard to the wheat problem; a declaration that in view of the part played by Canada's mines in supporting the nation's war-time buying strength governments should give every encouragement to mines to increase their production. Mr. Jaffray had no misgivings that Canada's purchases of materials and equipment in the United States may have to be reduced. He paid high tribute to the work of the Bank of Canada and the Foreign Exchange Control Board, and expressed confidence in the Empire's ultimate triumph over Hitlerism.

Banks After Year of War
 Dealing with the effect of the one year of war on the position of the chartered banks, the bankers' President stressed their ability to finance the requirements of their customers in war effort until victory, without curtailing the legitimate requirements of their customers for ordinary purposes. During the one year of war deposits of all kinds in the chartered banks had increased by forty-six million dollars and now stood at 3,142,000,000 as of August 31st, 1940. Balances with the Bank of Canada, cash and other immediately available assets had decreased from 22 per cent. of total deposit liabilities to 19 per cent in the same period—a moderate decline indeed, commented Mr. Jaffray.

Current loans to the public at August 31st this year had reached \$939,000,000—an increase of \$113,000,000 in actual financial assistance being extended to customers throughout Canada. Bank holding of short term, high grade Dominion and provincial government securities, all maturing within 180 days had risen from \$443,000,000 at the outbreak of war, to \$700,000,000 at August 31st this year. In the same period long dated similar securities had dropped from \$749,000,000 to \$604,000,000. This meant that to the extent of approximately \$140,000,000 the banks swung from longer to shorter date securities to maintain a thoroughly liquid position and to aid in the additional financing of war contracts and other business. Notes in circulation of all banks showed no increase. Bank of Canada note circulation was up \$127,000,000—\$13,000,000 of this increase being held by the chartered banks; the balance was not in excess of the day-to-day requirements of the country's increased volume of business. Mr. Jaffray cited the above figures as indicating the ability of the banks to handle the war effort requirements of industry.

Can Carry War Program
 Turning to the ability of the country as a whole to handle its war effort, he pointed out that government war orders—some 35,000 in number—placed up to the end of September, totalled \$550,000,000—\$410,000,000 on Canadian account, \$140,000,000 on British account. The figures covered all purchases of munitions, aircraft, armaments, food and clothing and did not include soldiers' pay or the \$235,000,000 of plant expansion which, with other items, brings Canada's war commitments and expenditures to date up to something over a billion dollars.

To finance this program war loans had raised \$500,000,000 of new money; taxation and other revenues had provided the rest. "With the ever increasing development of our natural resources, a favourable export trade balance of nearly \$200,000,000 a year—(it was \$45,000,000 for the three months of June, July and August last), and with a considerable part of war expenditure in the form of wages finding its way into the hands of individuals, and available to some extent for subscription to further Dominion loans," Mr. Jaffray continued, "I am firmly convinced that Canada can handle its war effort limited only by the volume that can mechanically be produced, and without upset to our national economy."

Would Encourage Mines
 Commenting upon suggestions that an adverse balance with the United States might curtail Canada's purchases in that country, Mr. Jaffray pointed to the adverse balance of imports over exports for June, July and August amounting to \$65,000,000. He added: "but these figures do not include interest payments abroad nor the revenue of tourist traffic, nor do they include gold shipments. The first two are not greatly out of balance, and as the total value of our gold production for the same three months exceeded \$51,000,000, available, if needed to balance the account, coupled also with the accumulation of American assets in one form or another controlled by Canadians, and which can also be drawn upon, if necessary, to support our war effort, I cannot share in these misgivings, but I think the figures do emphasize once more the enormous value of our mineral production and stress the view that every encouragement should be given by our Governments to our mines to increase production."

Inflation and "Funny Money"
 "From time to time," he continued, "we hear suggestions to the effect that Canada should resort to inflation, or to one kind or another of 'funny money' to finance this war. I cannot too strongly condemn any such suggestions as not being in the best interests of the country, and because such experiments must inevitably carry with them an aftermath of depression. Labour of every kind is doing its part in the war effort in a whole-hearted manner, working long hours, waiving holidays, and in contributing both by its efforts and with its earnings to the country's need. To resort to any expedient that would bring to the working man at the end of this war another period of depression is beneath the consideration of a country such as Canada, and I can only think that those who advocate such proposals cannot realize what the results would be. There is only one way in which to finance this war, and that is by taxation up to a level beyond which it would ruin its own purpose, and over and above that by borrowings, to be paid from the development of our unlimited natural resources over a period of time."

Extreme Taxation Unwise
 "Perhaps I might develop for a moment the question of taxation—

X-Ray Discovers Tuberculosis



A young woman is here pictured having an X-ray picture made of her chest. This is the surest way of detecting tuberculosis, greatest destroyer of men and women between the ages of 15 and 45. Income from the sale of Christmas Seals assists tuberculosis associations and clinics to give these necessary examinations.

ment the question of taxation— which if carried to an extreme, may produce results not greatly different from the aftermath of inflation. With the increased volume of turnover in nearly all business, it is inevitable that heavier inventories must be carried and bought further in advance. The present rate of taxation leaves to the manufacturer, wholesaler and others, little margin for increased profit, and little opportunity to set up proper reserves against these increased inventories. It seems to me that the Government in assessing for taxation should take this factor into consideration, as it would be regrettable indeed, if after the war the business men of the country were faced with the necessity of reducing these inventories and, with inadequate reserves against them, a situation of deflation and unemployment were brought about even where there had been no inflation."

Wheat No Detriment
 Mr. Jaffray then touched upon the wheat situation, refusing to regard the West's large crop as a detriment, "rather than a blessing." It had produced financing and storage problems which another crop might even accentuate, "but, in spite of this I would say that this national wealth added to the country is a tremendous asset and that in the long run every bushel of grain that we grow will be needed but it is possible that for the next year to two percentage switching from wheat to feeding grains may be in the interests of our farmers."

Mr. Jaffray denied any impression that bank earnings are largely increased as a result of war. Notwithstanding higher current loans federal taxation had practically doubled, provincial taxes had not been reduced, and any small margin of added earnings that might be left to the banks would not be too large to provide for unavoidable losses in the after-war industrial adjustment. "I cannot see where the banks stand to gain," said the President.

Praises Bank of Canada
 Touching the Bank of Canada and the Foreign Exchange Control Board, Mr. Jaffray declared that they had done an efficient, far-sighted job and particularly in the realm of exchange control, individuals considered their personal liberties infringed, "I would only say to them that nothing has been done which is not in the best interests of the country, and of the freedom of the world, and that their individual inconveniences are a minor matter."

Former Kirkland Resident Passes at Sharbut Lake
 Karl Oscar Orhling, well-known at Cobalt and a resident of Kirkland Lake for many years, died at Sharbut Lake Ontario, Saturday, November 16. He was in his 75th year.

Mr. Orhling was born in Stockholm Sweden, coming to Canada at the age of 15. For a number of years he was a seaman but finally gave up seafaring for a life in the Nova Scotia coal mines. Following the outbreak of the Great War he enlisted and saw service overseas. Returning to Canada he resumed work in the coal mines and for some time he lived at Stellarton Nova Scotia.

In 1925 he gave up coal mining and moved to Cobalt where he worked at the McKinley Mine. Eight years ago he took up residence in Kirkland Lake. He is survived by four daughters; Mrs. Norman Jacobson, and Mrs. Norman Smith Kirkland Lake; Mrs. James Dale, Timmings; and Mrs. A. J. Duscham, Sharbut Lake. Five sons survive and are: Henry Orhling, Stillwater, Nova Scotia; James Orhling, Brockville Ont.; Fulton Orhling, serving with the 48th Highlander; Clarence Orhling and Fred Orhling both of Kirkland Lake. Mrs.

Former Kirkland Resident Passes at Sharbut Lake

Orhling predeceased her husband three years ago. One son Cecil was killed at the Delmita mine last May. Funeral services were held and burial took place in Kirkland Lake Cemetery, Wednesday, Nov. 20.

Globe and Mail.—The handsome ice-man in the United States has been discovered in a contest staged for the purpose. Presumably only cold justice actuated the judges.

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THE CORPORATION OF THE TOWN OF TIMMINS FINANCIAL STATEMENT

Statement of Revenue and Expenditure For the Period January 1 to November 15, 1940

REVENUE	
Surplus carried forward from 1939	\$ 2,954.54
GENERAL	
Taxes for Year 1940	\$ 658,136.00
Penalty and Interest on Taxes	10,476.47
Income on Mines Profits	81,951.02
Income on Mines Profits (Adjustment)	17,651.54
Municipal Subsidy	14,664.21
Sewer Rentals	8,242.08
Licenses	15,103.23
Foll Tax	12,816.81
Dog Tax	1,054.00
Police Fines	4,793.99
Building Permits	1,036.00
Railway Tax	930.66
Gasoline Tax Refunds	1,107.39
Hotel Fees	3,389.35
Rents Town Properties	4,057.00
Weight Scale Receipts	299.85
Premium on Sale of Debentures	84.95
Rents Municipal Building	3,720.00
Sign Rentals	1,169.67
Area Rentals	622.77
Market Fees	560.00
Marriage License Commission	392.00
Commissioners Fees	56.30
Business Tax Licenses	180.31
Subdivision Approval Fees	276.62
Street Occupancy Fees	220.00
Miscellaneous Income	107.79
Sale of Material	2,616.00
Building By-Law Sales	5.00
	842,070.41
WATERWORKS	
Water Rates	93,933.77
Water Turn-on Fees	220.00
Hydrant Rental	8,400.00
Water Frontage Tax	2,347.97
	104,901.74
Total Revenue	\$949,926.99
EXPENDITURE	
EDUCATIONAL	
Public Schools	146,486.44
Separate Schools	102,646.17
High and Technical School	114,334.18
Public Library	10,049.10
	373,515.89
PROTECTION TO PERSONS AND PROPERTY	
Police Department	40,798.46
Fire Department	40,354.87
Hydrant Rental	8,400.00
Street Lighting	9,334.66
Dog Catching	257.00
	99,744.99
HEALTH AND SANITATION	
Board of Health	14,956.40
Garbage and Ash Collection	18,882.04
Sanitary Sewer Maintenance	1,451.76
	35,289.20
STREETS	
Grading—New Extensions	6,168.39
Grading—Improving	2,082.61
Resurfacing	4,814.63
Oiling	14,883.53
Oiling—Patching	3,270.92
Road and Lane Cleaning	3,304.53
Street Decorations	4.40
Pavement Maintenance	92.71
Pavement Cleaning and Flushing	4,320.85
Culverts and Ditching	3,894.33
Bridges	2,451.45
Spring Ditching	4,313.61
Snow Removal	6,926.85
	56,538.81
WALKS	
Walks Maintenance	1,213.27
Sanding and Patrolling	3,816.36
Snowploughing	463.10
Footpaths	97.42
Cement Walk Repairs	788.19
	6,378.34
BOARD OF WORKS	
Garage and Administration	8,336.37
Engineering	4,355.53
	12,691.90
PARKS AND PUBLIC RELATIONS	
Parks and Playgrounds	2,390.31
Municipal Rinks	2,448.01
Market Maintenance	484.66
Market Construction	2,869.26
Cemetery	521.22
Traffic Control	906.13
Plumbing and Building Inspection	1,174.34
	10,793.93
GENERAL OFFICE	
Administration	68,365.27
Interest and Discount	7,722.57
Municipal Building	7,151.65
Election Expense	136.33
Donations to Welfare Institutions, etc.	13,206.16
	96,581.98
WELFARE	
Hospitalization of Indigents	16,400.84
Hospitalization Office Expense	1,364.09
Direct Relief—Town's Share	12,160.88
Relief Administration	8,814.08
Sundry Relief Costs	3,413.23
	40,162.12
WATERWORKS	
Maintenance	35,585.91
Service Connections	8,501.49
Debenture Instalments, etc.	35,762.35
Administration	6,633.36
Construction	4,652.57
	90,565.98
Equipment out of Current Revenue all Departments	6,597.50
	97,163.48

Storm Sewer Maintenance	1,586.94
Sewage Disposal Plant	6,683.57
Dump Maintenance	1,528.18
	45,088.89
House Sewer Connections Credit	2,393.25
	42,695.64
Town's Portion of Local Improvement Debenture Charges	
	47,950.09
Total Expenditures	\$884,216.87
Balance at Credit of Revenue Account as at November 15th 1940, available to meet Current Expenditures for period from November 16th to December 31st, 1940	65,709.82
	\$949,926.69

Statement of Assets and Liabilities as at November 15, 1940

ASSETS	
CURRENT	
Cash Change Funds	210.00
Cash in Banks	11,084.78
Taxes due Principal and Interest	206,436.78
Less Provision for Uncollectible	33,878.05
	172,558.73
Accounts Receivable	28,465.94
Less Reserve for Uncollectible	5,771.83
	22,694.11
Property acquired at Tax Sale	8,105.15
Maintenance Material on Hand	8,650.40
Relief Fuel on Hand	2,947.54
Marriage Licenses on Hand	96.90
Underlevy—Public Schools	117.40
Underlevy—High and Technical School	91.68
Discount on Sale of Debentures	18,891.11
Advances on 1940 Capital Construction For which Debentures will be issued	73,488.10
Total Current Assets	\$310,740.40
CAPITAL (Debentures Issued)	
Waterworks System	477,055.34
Waterworks & Sewers Tisdale Annex	49,851.37
Sewage System Extension	135,480.70
Sewage	237,277.85
Sewage Disposal Plant	29,555.68
Incinerator Plant	14,279.35
Cement Walks	187,426.64
Pavements	211,042.03
Public Schools	443,500.00
Technical School	21,000.00
High School	370,000.00
High School Principal's Residence	6,000.00
Trunk Sewers	129,778.10
Storm Sewers	47,165.00
Municipal Building	110,000.00
Municipal Garage and Dump	15,000.00
Concrete Walks Tisdale Annex	15,500.00
	2,499,412.05
Less Debenture Repayments to date Equivalent to Depreciation	1,326,622.74
	1,172,789.32
CAPITAL (Free)	
Fire Department Premises	18,790.80
Park Gilles Lake	5,058.97
Fire Chief's Residence	3,300.00
Cemetery Building	798.68
Real Estate	8,482.59
	\$1,647,134.08

Band Stand	450.00
Fire Department Equipment	34,617.73
Office Equipment	3,295.19
Municipal Building Equipment	194.30
Street Equipment	35,248.15
Parks and Playgrounds	494.80
Sewer Tools	2,112.32
Waterworks Tools and Equipment	3,627.50
Dump Tools	10.50
Sewer Disposal Tools	1,570.00
Town Scales	2,300.00
Riverway Park	3,372.77
Police Department Equipment	3,916.35
Waterworks Meters	5,502.31
Pavements	10,490.55
Sewer Extensions	218.88
Incinerator Plant (Tisdale Portion)	3,600.00
Concrete Culverts	895.00
Board of Health Equipment	667.50
Warehouse and Garage (Incinerator)	5,000.00
Traffic Lights	1,200.00
Waterworks Extensions	7,975.47
Engineering Department Equipment	401.00
	163,604.36
	\$1,647,134.08
LIABILITIES	
CURRENT	
Current Loan—Imperial Bank	118,000.00
Accounts Payable	25,567.08
Debenture Instalments due for 1940	79,329.53
Overlevies—Public Library	18.89
Overlevy—Portion Local Imp.	313.85
Overlevy—Town's Portion Local Imp.	240.81
	573.55
Due Local Boards on Current Account	
Public School Board	1,124.41
High School Board	1,409.42
Public Library Board	3,000.00
	5,623.83
Local Improvements Paid in Advance	410.56
Premium on Sale of Debentures	5,241.89
Transient Traders Licenses	2,308.61
Sundry Creditors re Tax Sale	554.57
Unclaimed Witness Fees	184.93
Reserve for Renewal of Waterworks Equipment and Meters	7,000.00
Surplus 1939 Tax Sale	211.03
Sundry Meter Deposit	25.00
Total Current Liabilities	245,030.58
Balance at Credit of Revenue Account as at November 15th, 1940, available for Current Expenditures for period November 16th to December 31st, 1940	65,709.82
	310,740.40
CAPITAL	
Debenture Debt Outstanding	1,043,564.14
Balance at Credit of Capital Account as at November 15th, 1940, being excess of book value of Capital Assets over Debenture Debt	292,829.54
	\$1,647,134.08

A. L. SHAW, Treasurer