

The Canadian Bank of Commerce

Address of the General Manager at the Annual Meeting of the Bank.

Sir John Aird gives a comprehensive review of the affairs of the Bank for the past year, alludes to the difficulties caused by the exchange situation and the instability of prices, but demonstrates the sound and steady progress made by the Bank.

We have now entered upon a period such as has been looked for ever since the war ended—one of lessened activity in business and falling prices—and the statement which we present to you today is, except in a comparatively few particulars, curiously devoid of important changes from that of a year ago.

Greater Profits.

The net profits of the year amounted to \$3,268,243.97, an increase of \$231,351.25, although the resources of the Bank have shown little growth. The addition to our profits has been the result, partly of the activity of general business during most of the year and the consequent brisk demand for money which has kept all available funds fully employed, and partly of the fact that we have been fortunate in escaping serious losses. The conditions which have prevailed in the markets for all staple commodities since the war ended—the extraordinary demand for goods and the high prices—have caused a strong demand for money. Now that the markets are becoming more normal and prices are falling, that demand is sure to lessen. We may therefore expect easier money conditions and a lower level of profits until business becomes more active.

In addition to the regular dividend we paid last December a bonus of one per cent. We have appropriated \$250,000 towards the heavy taxes we are now called on to pay to the Governments of the Dominion and of the various Provinces of Canada. We increased our appropriation for bank premises from \$250,000 last year to \$500,000 this year. The high cost of all building operations in this country, and our expenditures on premises for the foreign branches recently opened, make this a prudent step. We have transferred \$150,000 to the Officers' Pension Fund.

Profit and Loss Account.

After making these appropriations we have been able to carry forward \$1,783,973.37, or \$356,243.97, more than last year. In view of the unsettled conditions at present prevailing in the business world, and the fall in prices which on more than one occasion has threatened to undermine security for certain classes of loans, we think it well to carry a large unappropriated balance in Profit and Loss Account as a safeguard against unexpected contingencies. Up to the present we have been extremely fortunate, in that our interest has been negligible in those branches of business most directly affected by the heavy declines which have taken place.

Deposits Increase.

The increase in our note circulation is \$668,255, an indication of a large volume of current business, but a very small proportion of the total, which now stands at \$30,716,514. As business slackens and prices fall we may naturally look for some reduction in this item. Our deposits stand, as a whole, at almost the same level as a year ago, the increase being only a little more than a quarter of a million dollars, but deposits bearing interest, the most stable part of deposit business, have increased by the large sum of \$43,148,818. This is a gratifying and remarkable showing, particularly when considered in the light of the total subscriptions of customers of this Bank to the various Dominion Government War Loans, as reported by our branches, namely:

1915. 1st War Loan	8,142,000
1916. 2nd War Loan	18,001,000
1917. 3rd War Loan	22,059,500
1917. 1st Victory Loan	78,551,970
1918. 2nd Victory Loan	194,474,950
1919. 3rd Victory Loan	99,975,532
Total	\$321,306,955

Notwithstanding the tremendous drain upon the deposits of this Bank which these huge subscriptions involved, we feel proud of the aid afforded by our customers to the Government in its war financing. Courage and foresight were needed by our branch managers when they saw their cherished and hard-earned deposits, gathered over a long series of years, melt away almost overnight, but the fact that the deposits of the Canadian public in this and all other banks are now double what they were at the outbreak of the war justifies the support given to the Government in its loan campaigns, even from a narrow and selfish point of view, to say nothing of that of the national welfare.

Decreased Government Balances.

On the other hand, our deposits not bearing interest have decreased by \$42,875,453, an amount almost equal to the increase in our interest-bearing deposits. This is more than accounted for by the decrease in Dominion Government balances, which a year ago included a large part of the proceeds of the last Victory Loan. It must also be remembered that both the demand for money, and the restraint on the further inflation of credit which we have endeavored to exercise, tend to decrease the balances carried by business houses and large commercial companies in their current accounts. Against an increase in deposits has been the slow marketing of last year's grain. This tends also to keep up loans, for if the farmer does not pay his indebtedness, the retailer is unable to pay the wholesaler, and the wholesaler must lean on the manufacturer. All along the line they will borrow from their bankers to the fullest extent possible.

Grain and Falling Markets.

It is regrettable that the farmer, in this and other countries, should be counseled to hold his grain on a market which has fallen very rapidly since the time of harvest and has every appearance of continuing to do so in sympathy with the general trend of business. It is obviously a highly risky and unprofitable proceeding, and likely to end in increasing class bitterness. Unaware of the real causes that govern the decline in prices, the farmer will be apt, naturally enough, to feel that all classes are working against him. The truth appears to be that, after so many years of rising prices, it has come to be accepted as an axiom that prices must continue to rise, and consequently in the very year in which all signs point in a downward direction, the unfortunate farmer feels constrained to hold his grain, unconscious of the meaning of the signs around him. There is nothing in the other items of our liabilities which calls for comment, save that we may say, in passing, that the reduction in acceptance under letters of credit no doubt reflects to some extent the difficulties which at the moment confront the foreign trade of this country. To this subject we shall refer again when dealing with the foreign exchanges.

Lines of Defence.

During the year our holdings of

specie have increased \$56,854 and Dominion notes on hand, \$3,352,361. There is no change in the amount deposited in the Central Gold Reserves under the heading either of gold coin or of legal tender notes. Total cash on hand has increased \$4,519,215, and stands at 15.14 per cent. of our liabilities. There has been a reduction in assets at \$4,559 per cent. of these liabilities. The reduction in increase in our investments has been a reduction of \$23,763,822 in Dominion and Provincial Government securities and of \$2,109,916 in British, foreign and colonial public securities and Canadian municipal securities. In both cases the reductions are due to the payment of war obligations by the Dominion and Imperial Governments. There has been an increase in call and short loans, both in Canada and elsewhere, the increase in the former being merely a nominal one. In the case of the latter, the increase is such as the present, it is well strengthened all our lines of defence, and in the case of loans in New York City, this has occasioned less sacrifice of profit than is usual elsewhere throughout the year have ruled at a high level for that market.

A Commanding Position.
This Bank still retains a commanding position in the development of Canadian trade and commerce. Its current resources, including the proceeds of the large sum of \$231,141,772, \$17,925,002 more than a year ago. Similar loans elsewhere have increased by \$1,924,956. The other items in the Assets and Liabilities Account, which increased \$15,538 during the year, being on premises for our foreign branches. Owing to the favorable position of the foreign exchanges we have been able to secure a profit in Rio de Janeiro, Jamaica, Trinidad and Barbados, until after the close of our office in Rio de Janeiro will be situated in the heart of the financial and business districts of our principal cities. There has been an increase in our assets of \$11,116,418, a comparatively trifling increase.

Foreign Branches.
In addressing you this year ago we pointed out that up till then we had been occupied with the promising opening of new branches in Canada, but that we hoped soon to give some of our attention to the foreign fields. The policy we have followed in this respect has been one of caution, slow but sure, and we are now in a position to be vindicated by the course of events, especially the unsettled financial conditions in England in many parts of the world. Our branch at Havana was the first to be opened, and we are well satisfied with the results so far made and with our prospects for the future. Kingston, Jamaica, came next in point of importance to our business shows excellent prospects. Our office at Port-au-Prince, Haiti, was opened in the latter part of the year, and our managers and their staff are now on the spot, we have not yet opened well in the latter part of the year, but our outlook in all these places is bright.

New York Exchange.
Probably at no time in the history of this country have questions connected with the foreign exchanges occupied so prominent a place in the public mind as during the past year. The closeness of our relations with the great English-speaking nations to the south of us has made the prevailing high premium in Canada a cause of matter of moment to a very large number of Canadians. It has come before them not only as a matter affecting importers or exporters dealing with the United States, but also among other things, having a direct bearing on many investments which they hold or desire to buy or sell, or even as calling for serious consideration in connection with the cost of a holiday or other visit to that country. The mystery by which in the popular mind the working of the exchanges is surrounded, often serves to deepen the interest felt in it. In an endeavor to throw some light upon it, especially as connected with the prevailing high premium for New York funds, we issued during the year a series of advertisements dealing in a simple manner as possible with some of the underlying elementary principles. These attracted widespread attention and were subsequently reprinted in the form of a small brochure for general distribution. The subject has, of course, many bearings, and may point out that the premium on New York funds is an assistance to such of our exports as come into competition in the markets of the world with similar goods from the United States. To the extent of the premium, the Canadian producer can accept a lower price expressed in terms of a foreign currency, and will still receive as many dollars as does his competitor in the United States. During the closing part of the year, as you are doubtless aware, the rate of

exchange on New York rose very high, reaching 19 1/2 per cent. on December 21st, the highest point as yet reached for this condition, which we attribute to the following causes:
Causes of High Rates.
In addition to the causes usually assigned for this condition, which were commented on in our report last year, namely, excessive buying from the United States, especially of Auxiliaries, and the payment of interest on our bonds, there have been other factors which have played a considerable part in the recent rise. One of these is speculation in the stock exchange, which has been so prevalent in some parts of Canada. While the stocks speculators are not those who deal in the New York market, calls for margins have been made in the New York market, and the result has been a demand for New York funds has on several occasions been the cause of a sharp advance in rates. There are also at present large sums of money, belonging to banks and wealthy corporations in the United States, on deposit in the Canadian banks, and there has been a demand for the transfer of a large part of these funds to the United States, for the preparation of financial statements and other end-of-the-year requirements.

Not So Alone.
It may, perhaps, be some consolation to reflect that Canada is not alone among the countries of the world in having to seek the solution of a complex problem vitally affecting her trade. There are other countries of a similar nature, but even more serious. Quite recently the Australian wool trade has been the subject of a similar situation in London funds for collection banks waiting in London. The reason is a shortage of London funds, said to have arisen as a result of the suspension of the system of Government purchase and the old machinery has not yet been restored, and in the meantime some difficulty has arisen in financing Australian imports. It is hoped that the situation will be relieved before long, when the wool and meat trade and situation in India, New Zealand and other parts of the world, of a somewhat similar character, but not so pronounced.

Foreign Trade and Finance.
It is unfortunate that the exchange difficulties should arise just at the time when strong efforts were being made in England in many parts of the world. Undoubtedly the situation as regards foreign trade is a difficult one at the present time, not only because of exchange questions, but also because of the instability of the pound sterling in many foreign countries. The collapse of the pound has had a serious effect on the foreign trade of this country, and it is not surprising that the export trade has been affected. A high authority in England has stated that there will be little probability of any material extension of our trade abroad.

Government Ownership.
The important experiment has recently been tried by the Dominion Government of placing the management of the publicly-owned lines in Canada in the hands of a corporation, the ownership and control of which reside in the Government. The experiment is an interesting one, and it is to be hoped that the feasibility of successfully carrying on the business of a great corporation under government ownership will have been many obstacles to overcome at the start, and the traffic conditions of the year have not facilitated the task of those in charge, but it is only fair that they should be given full opportunity to demonstrate their ability to carry on the enterprise and to make the experiment a success.

Hopeful Outlook.
The year we have just passed through has been one of surprise. At its commencement the tide of rising prices seemed unchecked, and the idea that a rapid fall was imminent was considered altogether preposterous. Yet this is exactly what has happened. Once again the seller is having to seek the buyer, instead of being sought by him. Probably one of the principal obstacles at the moment to the re-establishment of business on a more normal basis is the instability which prices have manifested during recent months. This condition, however, cannot be of long duration, and we may hope that before the winter has run its course it will be a thing of the past. Meanwhile we repeat once again what we have so often urged, that the whole world must aim to work hard and steadily, and that if the damage caused to both property and credit by the late war is to be repaired.

Teutons Are Now Trying To Get Foreign Business From British Competitors

THE Hun strafe to-day is aimed at British industry. There is no thought of profit when a Teuton firm finds itself bidding against a British: it is a case of "get the order" at any cost. The impression prevails in well-informed circles that a number of leading German banks have special arrangements with their customers so that the losses sustained on business fished from Britain may be taken care of in a way that will not affect the credit of the firm. There is, of course, no evidence that Government funds are available for this work for the good of the cause, but to those who are familiar with the devious ramifications of German propaganda, the theory is most plausible. Certainly no one firm would undertake the financial sacrifices involved unless certain of some more or less direct good pro quo.

Here is just one example of the length to which the German will go in order to take business away from Britain: A few weeks ago bids were asked by a Dutch firm for some ship-propelling machinery. A Middlesex concern which specializes in this branch, and which was on the point of closing down because of trade stagnation, offered to do the work for \$20,000, a figure which gave a bare margin of safety. Everything pointed to the order coming to England when one of the directors of the Dutch firm busied himself in Berlin, with the result that Krupp's, of Essen, offered to do the work for 45 per cent. less than the British firm had quoted. Of course, the Germans got the job, and will eventually deliver the goods, but it will be at a loss of over \$20,000. While Krupp is devoting some attention to implements of peace, the gentle German has not lost sight of the fact that world peace is not yet assured, and the experts of the big ordnance plant are as busy as ever. Fritz does not permit delicacy to stand in the way of business. During the month of July over a hundred applications for patents were made to the British patents office.

Wholesale Arrests Canadians With Coughs

Halt! Who goes there? Someone with a cough. Pass friend! Stop cough! you are under arrest. Thousands of such arrests are being made every day in all parts of Canada. Too long have coughs and colds evaded justice and caused untold suffering to stand in the way of business. During the month of July over a hundred applications for patents were made to the British patents office.

"Overtime" In Prison.
Damage at the rate of \$10 a day for "overtime" served in prison was claimed by an ex-prisoner named Martin against the Sante Prison staff in Paris. There were two persons named Martin in neighboring cells, one sentenced to four months and the other to two months' imprisonment. When the time came for the Martin with the shorter sentence to be released, his namesake was mistakenly freed. The unfortunate Martin had to wait another week while official investigation was being made of the blunder.

V.C. for Medical Officer.
It was at Ypres, in April of 1915, where the Canadians got their first real blood baptism, that Capt. F. A. Scrimgeour, of the 14th Battalion, Royal Montreal Regiment, won his V.C.

When in charge of an advanced dressing station in some farm buildings, which were being heavily shelled by the enemy, he directed, under heavy fire, the removal of the wounded, and he himself carried a severely wounded officer out of a stable in search of a place of greater safety. When he was unable alone to carry this officer further, he remained with him under fire till help could be obtained.

As Per Instructions.
"Why, Bridget, what on earth are you doing with all the broken dishes on the shelf?"
Bridget—"Sure, mum, yes towid me Oi war to replace everyon Oi broke."

Picture Houses.
Canada had, in May, 1920, 840 moving picture theatres, attended by 750,000 daily.

all for war appliances or implements. It does not follow that the applications will be granted, or at least not for some considerable time, but they are an interesting commentary on the value of the German peace protestations. Here is a partial list of what Krupp desire to patent. A gun with a railway gun carriage, a barrel recoil gun, pointing devices for ordnance, apparatus for transferring ammunition from wagons, foundations for guns with wheeled gun carriage, a turntable for railway guns, recoil guns, percussion fuses for pivot guns, sighting devices for ordnance, apparatus for measuring time for firing naval guns, slow combustion fuses for projectiles, fire control, telescope and periscopes, and projectiles with copper driving bands.

It is worthy of mention that patents are being sought on many devices brought out during the war, and used with deadly effect against the British. Cargo lists of German imports into Great Britain show that the variety as well as the bulk is steadily increasing. They are now being brought in in such quantity as to seriously threaten British industry, as they are sold far cheaper than British goods.

A bold bid is being made by the Germans to obtain control of the British market for films. They make no secret of their ambition to flood all Europe with German pictures, and the state banks are behind the enterprise. In London a number of German films are held in readiness for release the moment Britain is believed to have forgotten or forgiven the crimes of the war. The origin and message of all imported films will need to be very closely studied for many years, for the thorough German knows how to impart a typical atmosphere to his production, while at the same time conveying his subtle message. A recent production, "Du Barry," has such a splendid French atmosphere that it could easily be taken for a French film. One of my friends, who is in the picture business on a fairly large scale, tells me that on a recent visit to Berlin studios he saw a fine reproduction on a big scale of Westminster Abbey, the House of Parliament, the Tower, a number of other famous London buildings, as well as the Bastille, Notre Dame, and several other Paris places which are to be used in film historic plays. The intention is to run plays with anti-British flavor in France, and at the same time undermine the Entente Cordiale in England.

The first efforts to bring back German or Austrian plays to the legitimate stage in London ended in a frost, rival managers exhibiting huge posters, "Don't go to German plays." The Huns quit. But they will return to the charge, for you can't discourage a German.

Grape Culture Pays Despite Prohibition
Cleveland, Ohio, Jan. 14.—Despite the Volstead Law the grape industry of the United States was better last year than ever before, according to speakers before the opening session of the annual convention of the National Grape Growers' Congress here, which is being attended by a number of delegates from Ontario points.

Last season grape prices reached a top mark of about \$20 a ton, it was said, compared with \$80 a ton in 1919 and about \$35 a ton in 1914. Constables were ambushed at Ennis, Ireland. A volley was fired into their lorry. A sergeant and a constable were killed. North Ontario delegates are told that the French River project must wait the return of better times. An easy way to get money is to inherit it.

Hood's Pills
The painless, purely vegetable cathartic; cures biliousness, constipation, all liver ills. Pleasant to take. Work every time. 25c.

RUSSIAN CONGRESS WAS ROWDY AFFAIR

Meeting of Soviets Exposed Great Discord — Lenine Attacks Mensheviks.

Copenhagen, Jan. 14.—A special despatch to the Berlingske Tidende, from Helsinki, says that according to anti-Bolshevik Russian journals, anything but concord reigned at the Pan-Russian Council congress at Moscow. Serious disagreements arose and one meeting was interrupted owing to noise making the negotiations impossible. The Menshevik leader, Dan, violently attacked the government's peasant police, whereupon Lebné characterized the Mensheviks as the international capitalists' tools. He admitted the government looked first after the laborers interests, but said that he was only in order to assure the victory of Bolshevism and would not continue.

The social revolutionary Volysky seconded Dan. He pointed out that the government terrorized the peasants by means of Red troops, and was doubtful that that support would continue. Bukhovin, leader of the extreme left, accused the commissars of treason against the cause of the proletariat and an inclination toward luxury. Zinoviev violently attacked the provincial councils which were not up to their tasks. He said the best communist had been sent to the front and many had perished there.

Its Flavor Pleases You!
No trouble to make a cup of
INSTANT POSTUM
exactly to your taste

FORESTS OF CANADA ARE SOURCE OF RICH REVENUE



Canada's 235 million acres of merchantable timber is the second largest asset of her natural resources wealth. The bulk of this timber is within easy reach of tidewater. Nova Scotia, New Brunswick and British Columbia can almost dump their logs in the ocean, while Quebec and Ontario have the St. Lawrence River for a path to the sea. In 1906 the greater part of Canadian lumber exports went out in the raw state, only a little over one-third was manufactured in Canada. The next ten years saw a strong and continued increase in industrial development and by 1917 the tables had quite turned. In that year more than 70% of Canada's lumber exports were manufactured and less than one-third left the country in a raw state.

Ever-increasing demand for pulpwood and paper is responsible in large measure for this rapid development. American imports of Canadian woodpulp (all kinds) for ten months, ending July 31st, 1920, amounted to \$20,829,881. According to latest statistics Canada's available supply of pulpwood is 901,000,000 cords and covers 250,000 square miles. Over a third of this area and balsam stands in the eastern provinces are convenient to the eastern states with their many newspapers and publishing houses. It is estimated that, at the present rate of cutting, this supply will hold out for 63 years. Strict cutting regulations, wise conservation and reforestation plans are looked to to prevent the annihilation of Canadian forests and lumbering industries.

British Columbia's woods are attracting much foreign capital. American money is going into new pulp and paper mills on the Pacific Coast. Approximately 85% of all capital invested in the paper pulp industry in Canada is American. An English syndicate is building a \$350,000 furniture factory in British Columbia. Box factories flourish all over the province the small fruits, vegetable, honey and poultry ranches of the southern part of the province are countless crates and boxes for getting their produce to market. British Columbia's strategic situation for shipping to Pacific Coast ports and the Orient, its numerous good harbors and the fact that the climate permits all the year round lumbering have not been overlooked by capital seeking investment.

WHATEVER YOU NEED IN WINTER CLOTHES

Buy Them Here On Credit

Are you prepared for winter weather with warm clothing? Clothing that is both comfortable and stylish looking—Clothing that will give you the best satisfaction in wearing. Also our convenient credit terms are a modern asset to the family of to-day.

SOME SPECIALS FOR THE REST OF THE WEEK:
45—SERGE DRESSES—45 —\$5.98—
\$16.95
All excellent Serges! worth up to \$35.00; for the rest of the week —\$16.95—
\$5.98
All our remaining Crepe de Chene and Georgette Blouses we have left, formerly \$12.00 to \$13.50, for \$5.98

Full stock of Fur Sets in stock at reduced prices. One visit will convince you of our reasonableness.

J. Abramsky

265 Princess Street "Home of Confidential Credit" Across from Pub. Utilities