The COMMERCIAL and
FINANCIAL CHRONICLE

Convention Number
New York, N. Y., Thursday, June 26, 1952

Price 40 Cents a Copy

36th Annual Convention
St. Andrews-by-the-Sea,
New Brunswick

Hotel Algonquin
June 10-13, 1952
INVESTMENT DEALERS’ ASSOCIATION
OF CANADA

OFFICERS 1952 - 1953

PRESIDENT
Harold S. Backus
McLeod, Young, Weir & Co., Ltd., Toronto

HONORARY PRESIDENT
J. B. Ridley
A. E. Army & Co., Limited, Toronto

HONORARY VICE-PRESIDENT
Peter Kilburn
Greenhills & Co Inc, Montreal

VICE-PRESIDENT
H. A. Benham
Royal Securities Corporation, Ltd., Winnipeg

VICE-PRESIDENT
W. Thomas Brown
Odlum Brown Investments Ltd., Vancouver

VICE-PRESIDENT
H. H. Hills
Royal Securities Corporation, Ltd., Halifax

VICE-PRESIDENT
A. Deane Nesbitt
Nesbitt, Thomson & Company, Limited, Montreal

VICE-PRESIDENT
John E. Sydie
Sydie, Sutherland & Driscoll Ltd., Edmonton

SECRETARY-TREASURER
J. A. Kingsmill
Investment Dealers’ Assn., Toronto

HONORARY TREASURER
F. L. Glasgow
Royal Securities Corporation, Ltd., Vancouver

DIRECTOR OF EDUCATION
H. L. Gassard
Investment Dealers’ Assn., Montreal

REGIONAL DIRECTOR
Kenneth B. Thomson
Investment Dealers’ Assn., Montreal
Private Enterprise at Work in Newfoundland

By HON. JOSEPH R. SMALLWOOD
Premier and Minister of Economic Development for the Province of Newfoundland

In extolling union of Newfoundland with Canada, Mr. Smallwood stresses need for accelerated progress of Canada, and its new undeveloped Province of Newfoundland. Urges security dealers should study investment possibilities in and around its vast British Colonial restrictions as reason for lack of Newfoundland’s economic development, and says, it demands, as a Canadian Province, new economic development and progress along with rest of Canada. Reviews legislative efforts of Newfoundland to attract capital, and calls attention to the recently created Newfoundland Labrador Corporation, owned jointly by Newfoundland Government and private interests, to acquire and operate plants originally constructed by the Province and develop and exploit mineral and forest products of Labrador region.

In dealing with June 36th Annual Dealers’ Convention of Canadian Security Dealers, he will be reading wide public interest in the large centres of population, but with the increasing speed of travel and the way such events are being watched, he feels, the halting way in which such meetings are conducted is an anachronism. Now, if a man attended a convention of clergymen he would feel that he was mixing with people of very great importance in any land, the people who were attempting to guide all of us to spiritual salvation. If he attended a meeting of the members of the Parliament of Canada he would doubtless feel, too, that he was mixing with very important people, who wrote the laws. If he mixed with the editors of newspapers he would feel, too, that he was meeting with most important people, people who enlightened the population of the land, brought information to them and enabled them, upon the basis of knowledge, information, more accurately to form conclusions on public issues.

And, indeed, in mixing with all kinds of people he could very rightly feel that he was meeting with people who helped in one way or another to shape the destiny of a nation. If he met, for example, with bankers or insurance company representatives, he would very rightly feel that he was dealing with one particular class of the population who performed the territory important function of providing the money whereby the population can save. But I have, familiar of no group in Canada—at least today—quite so important in the economic life of Canada as the Investment Dealers of Canada, because the function that they perform is that of providing, to me, of quite paramount importance. I don’t know what people might call the Investment Dealers of Canada a sort of economic mar

WATT & WATT
Established 1908

Members
Toronto Stock Exchange
Montreal Stock Exchange
Winnipeg Grain Exchange
Investment Dealers’ Association of Canada

Branch Offices:
Fort William
Port Arthur
London, Ont.

Telephone: EM 3-751
Cables: Wattaw

A Usage of Mr. Smallwood’s address at the 36th Annual Meeting of the Investment Dealers’ Association held at Garden City, by-the-Sea, New Brunswick, Cana, June 10, 1962.

Canadian Securities

Up to date information on Canadian securities from our Research Department and Canadian correspondents is available to institutions, dealers and private investors.

Our direct wire to Toronto provides fast quotation and trading facilities.

HAYDEN, STONE & CO.
MEMBERS NEW YORK STOCK EXCHANGE
and other principal exchanges

WASHINGTON
PORTLAND • SPRINGFIELD • WORCESTER • ARLINGTON • BOSTON

DALLAS • MEMPHIS • AMSTERDAM • MONTEVIDEO

THE COMMERICAL AND FINANCIAL CHRONICL
Highlights in Merchandising Securities

By ROBERT A. MAGOWAN*
Partner, Merrill Lynch, Pierce, Fenner & Beane, New York City

Mr. Magowan, commenting on entrance of his firm into Canada, points out anything that benefits an industry as a whole, usually benefits everyone in that industry. Says the more securities are advertised and promoted, the more people will become interested in buying and owning them. Advocates salary basis for compensating salesmen, and stresses merchandising principles for the securities business. Urges education for salesmen as well as public, and contends ignorance is reason why there are not more investors. Fosters idea of more sales promotion and advertising in marketing securities.

Mr. Magowan explained that there is plenty of business for everybody. We still feel that way about the market in the United States and we know this is also true in Canada. It’s not our objective merely to chisel out for ourselves a share of the existing market. Rather, it is our ambition to make a place for ourselves here by helping to expand the total volume of that business. This has always been one of our principal business objectives. How well we have succeeded in realizing it is perhaps not for me to say, but I am content to rest the case on the judgment of our competitors.

It seems self-evident that the more we talk about securities, explain what they are, and advertise them and promote them, the more people there will be who become interested in buying and owning securities.

Anything that benefits an industry as a whole usually benefits everyone in that industry. If we can help increase the size of the pie so that everyone has a bigger piece, we can be confident that there is going to be a piece for you, too. That has been our experience below the border.

We know we have much to learn about doing business in the Dominion. We will do our best not to make mistakes. We want to get started on the right foot. You’ll find us fair competitors and good neighbors, ready to give and accept. Ever since the moment when I have been asked to talk this morning about merchandising securities and about our experience in recruiting and training sales personnel. Obviously, this means I must talk about Merrill Lynch. Back in 1899, the security business was in bad shape. Public confidence in Wall Street was nonexistent. Practically every brokerage firm was losing money, including the biggest one of them all, E. A. Pierce & Co. It was in this atmosphere that our firm was conceived by Charles E. Merrill. At that time Mr. Merrill had a substantial investment in the Pierce firm, and he was the sole owner of the investment banking firms of Merrill Lynch, Inc. and Camat & Co., Inc.

On April 1, 1940, these interests were consolidated into a firm, Merrill Lynch, E. A. Pierce & Co. The following year the firm merged with Fenner & Beebe, and our name was officially changed to Merrill Lynch & Co., Inc.

At the head of the organization—and the largest in the industry—was Mr. Merrill. Mr. Merrill had spent his entire life in Wall Street, and had been the principal banker for a number of chain store companies—I. G. Penney, Kroger, Safeway, First National Stores, Western Auto Supply and many others—including two of your leading grocery companies—Loblaws Grocers Co. Ltd. and Dominion Stores.

Although a banker by profession, Mr. Merrill was a merchant by instinct. As much as any one individual, he is responsible for the present-day chain store system of merchandising.

Mr. Merrill thought that merchandising principles had to be applied to the security business if it was going to survive as a healthy industry. Although we were losing money in the months immediately following the formation of the new firm, Mr. Merrill ordered an extensive advertising program which was still is directed to educating people to the advantage of owning securities.

He put all salesmen on a salary basis instead of a commission basis and established other basic policies designed to secure the interest of the individual investor.

Why a Salary Basis for Salesmen?

Let me dwell briefly on this policy concerning compensation. Two things motivated Mr. Merrill in his decision to pay salesmen, or as we call them—Account Executives—on an annual salary basis instead of a commission basis.

First: He thought it in the customer’s best interest to assure a fixed income on which a family budget could be set that would not be subject to the vicissitudes of market volume.

Second: He wanted to remove the problem of the choice of the customer that requirement that buying or selling was influenced by the commissions involved.

Since 1940 there has not been a single person at Merrill Lynch who has been compensated on a commission basis. To our salesmen we say that you may be getting fewer per cent at Merrill Lynch, Exchange, but we think in the long run you end up with more dollars. That most of our people believe this to be true is indicated by the very few people we have lost to other firms over the years.

Partners and managers stopped competing with each other. Even in the smallest offices, managers were told to distribute the accounts they had been servicing among their salesmen, and to devote their energies to supervising their staffs. We stopped having reports of the kind: ‘‘Joe is taking every account that you assigned to somebody else and taking all the business that was allotted. We divided up fairly the substantial walk-in business. Every effort was made to stimulate individual production and to build up the prestige of the firm and the dignity of the Account Executive position.”

At the very outset Mr. Merrill made it perfectly clear that he believed the Man’ s man was the firm’s customer and not the salesmen. We paid more for sales promotion, and research material is designed primarily to help our salesmen, it is also very definitely designed to cement the customer tie to the firm.

Our sales salaries may earn on the low side percentage-wise. However, if we add other costs such as advertising, research, and sales promotion, as they properly should be added in evaluating sales costs, then our total sales expense is in line with those of our more conservative competitors.

Mr. Merrill drove us hard in those early days following the demobilization, and himself harder than anybody else. In 1944 he suffered a heart attack and was taken back to the sidelines. One of his oldest employees, a young credit man who had carried on as Managing Partner since, but he and the rest of us continued to regard Mr. Merrill as the boss. No important decision is made without his approval. He was the first person to advocate our coming to Canada, and he is as close to his telephone as all our basic problems.

Mr. Merrill also gave you a few figures about our firm. Our personnel have always been over 500. We have 186 offices. Last year our gross volume reached $2.5 billion. Our customers bought and sold $3 billion in securities. We participated in the sale of all the big issues and issues that involved the comparison of the customer that recommendation that buying or selling was influenced by the commissions involved.

Mathews & Company
Established 1909

* Members:
The Toronto Stock Exchange
The Investment Dealers’ Association of Canada

220 Bay St.
Toronto, Ont.
Empire 4519

Cables: "Matoe"

Private Wire Connections with New York, Montreal, Chicago
Canada and International Trade

By GRAHAM TOWERS*
Governor of the Bank of Canada

Head of Canada's central bank recites postwar impediments to foreign trade and Canada's role in support of efforts to maintain a high level of international commerce. Calls attention to severe import restrictions throughout world, and urges their elimination, contending they weaken the economic structure of the free world. Foresees problem of obtaining raw materials supplies, and urges development of backward areas as of great and immediate importance. Concludes Canada needs flexibility in its economy and should continue to maintain high productive efficiency so as to meet world competition.

*An address by Mr. Towers before the Investment Dealers' Association of Canada, June 13, 1952.
Over Fifty years of specialized financial service to Canadian brokers, banks and institutions

Branch Offices located at

360 Dominion Bank Bldg.
360 St. James St. West
TORONTO

355 Exchange Tower
MONTREAL

Connected by private wires with our Main Office and Branches at Boston, Mass., Washington, D. C., Bloomfield, N. J., and Oil City, Pa.

LAIDLAW & CO.
Established 1842
23 BROAD STREET, NEW YORK 4, U. S. A.

Members New York Stock Exchange and other leading Exchanges

UNDERWRITERS AND DISTRIBUTORS
CANADIAN SECURITIES

Burns Bros. & Denton
LIMITED
Members, The Investment Dealers' Association of Canada
Direct private wire to New York

TORONTO — MONTREAL — WINNIPEG — OTTAWA

Burns Bros. & Company
Members of the Toronto Stock Exchange

STOCK BROKERS AND FINANCIAL AGENTS
Direct private wire to New York

44 KING ST. W., TORONTO
78 SPARKS ST., OTTAWA
In the May issue of the "National Industrial Conference Board" an article is written "Chief Executives Only," in which an attempt is made to describe the man at the boss end of the executive table as to his personality. To what extent, as the chief executives in your own business, let me summarize what this article had to say about you. The chief executive is the most important individual in any business yet only too often be under-estimates his influence. His importance lies mainly in his office which is endowed with unique power regardless of the personal capacity of the incumbent and simply because it is the office of the chief executive. It is he who creates the spirit of the organization, its integrity, its ability to function as a unit, its policy and its hope. Whatever his chief entire duty is important, but what he stands for is often more important, for he will determine whether the business receives the full creative potential of its people. It is the opinion of a good many of you chief executives, and indeed the chief executives of a large segment of our wholesale and retail organizations in Canada, that we are approaching a period of business in which the true salesman will be in his element—in his element because as a salesman he experiences the personal satisfaction, the thrill which one obtains from the making of a real sale.

You gentlemen are responsible for creating the spirit of your organization. To my mind that spirit shows up first and foremost in your sales department, the very heart of your business. Selling is the most important job in the world if the salesman works it hard—but the hardest job in the world if he tries to work it easily.

Peculiarly enough, it was about a month ago, a good friend of mine who heads one of the largest companies in Canada to manufacture and distribute to me, said to me: "All around me I see conditions from annual reports, monthly statistical reviews; I hear from my banking friends that business has reached its peak. Strange enough that is borne out by the ice business. For over 40 years of close association with my business I have come to recognize the truth of the saying that business: "It has been, and in relation to their personal income and savior. (It looks as if your statisticians and market forecasters have the basis for a new indicator—number of blocks of ice per square mile). He ended up saying that his route salesmen are going to have to live up to their job because it can be a case of the iceman cometh, but the salesman cometh. I was there, in the fall of 1949, I needed a car. I visited three different automobile showrooms and displayed interest. In not one case was I followed up and called a dealer and after considerable effort on my part and delay of one month, received a car. Of course cars were short and customers were plentiful—but after buying the car was not once followed up with service calls.

This April I told a friend of mine in one of the banks that I would probably be looking for a car this fall. Within 24 hours I received two telephone calls—one of them from the house, so that Mrs. Moore learned I was interested. Within a week I had three good—and I mean good—salesmen from different car agencies trying to sell—offering to sell—a car on my old car. On May 5th I bought—a May 23rd the salesman I bought from telephoned Mrs. Moore to ask how the car was doing. This ability to sell—was everything satisfactory? On June 2nd I received a courteous letter from this salesman in connection with the car—servicing etc. Our feeling is certainly one of warmth toward this dealer's organization and this salesman. Gentlemen, take a look around you, at other industries, textile, household appliances and on. There is selling going on—order-taking is nearly over.

This morning we have heard an extremely interesting account of the business in the growth of the very well-known Merrill Lynch organization. In my opinion the key to the success of that very fine investment firm is the statement of a gentleman's statement that Merrill Lynch is among the first firms who have been able to define the market, to determine the market, to set place securities—is the stock-in-trade of all investment houses which count for anything. Over a period of many years in both good and bad stock, in-trade, that very essential asset, is supplied only by a well-trained, intelligent and enthusiastic sales organization. (Ed. Note: Full text of Mr. Magowan's address appears on another page).

You are aware of these things, of course. You know that the time of the salesman is not far distant, or you would not have sent Mr. Magowan to talk about merchandising securities. But Barrick, your President, tells me that quite a number of men have come to the business in the last few years and are now finding the higher interest rates and lower prices a difficult hurdle to overcome with clients who bought at the top of the curve. Those young fellows need only to talk to any investment man who came through the depression of the 1930's. In those days it took real courage, but it paid, to face the client who blamed you and your organization for losing a substantial amount of his capital. What tougher background for selling than that which existed from 1930 through 1938? What courage and salesman were displayed then by the security houses, the underwriting firms? Those were selling days that took rough selling.

In the years 1946-47 following the Victory Loan campaigns, senior men in the investment business gave considerable thought to the laying of the foundations of (1) educating members of the I.D.A.C. and, (2) educating the public in the matter of security buying. These plans, as I recall them, were carried out with a view to building up the investment dealer in his own right, and strengthening the Association as such. The first plan involved training of investment personnel with junior and senior classes, with books and pamphlets available for public consumption and speakers from the Association at public gatherings, etc., who participated in plans looked for regular improvement in the program, year by year, to the point (and that point has not yet been reached) where Plan Number 2—educating the investor, the buying securities, could be embarked upon as a program. Quite obviously the success of Plan 2 depends upon how successful with all members of the Association Plan 1 has been. It requires only a few loosely coupled businesses to brand all the investment and brokerage firms as a bad lot. I’m sure you will agree that it is in the interest of all investment houses, large and small, prominent or not, to promote in every possible way the aims of your Association for a high standard of ethics.

Then what about the high standard of salesmanship? I am quite sure that each investment house wants to sell. In salesmen—indeed considers its own method of training better than that of any other investment house. I do suggest, however, that your Association, in order to achieve its purpose, should provide a program that would educate the investor in buying securities. Each of these points, if not in a course, certainly at some time in a newsletter, should be a part of a continuous, year-round series of articles. This would be a good beginning. Then again, do you have a slogan, a policy statement that you could很有把握

**BRAWLEY, CATHERS & COMPANY**
Members Investment Dealers' Association of Canada

**CANADIAN GOVERNMENT-MUNICIPAL-CORPORATION SECURITIES**

**CANADIAN BANK OF COMMERCE BUILDING**
EMPIRE 3-8281
TORONTO

---

**THE COMMERCIAL and FINANCIAL CHRONICLE**

**The Salesman Cometh**

By TREVOR F. MOORE

Director, Imperial Oil, Limited, Toronto

In stressing role of salesmen in securities business, Mr. Moore calls attention to plans of Investment Dealers’ Association of Canada to educate both personal and public in security buying. Points out keys to selling are knowledge, sincerity and enthusiasm. Urges Canadian investment firms educate public to the soundness of savings and investment to build up Canadian business and share in Canada’s growth. Says regular buying of securities should increase funds for equity investment, and finds Canada an attractive land to invest in.

---

**INVESTMENT OPPORTUNITIES in U.S. Securities...**

**Interpreted from the CANADIAN point of view**

The freeing of foreign exchange controls opens new fields of opportunity for the investment of Canadian funds in the United States and vice versa.

Kidder, Peabody & Co. is well equipped to assist you in profiting from such opportunities. Extensive research program provides a continuing source of information on U.S. securities. Our long association with the investment community (we have helped finance some of Canada’s largest corporations) enables us to interpret this information from your own point of view.

Individuals and individuals are invited to call upon us for evaluation of American corporations or for assistance in the purchase or sale of securities in the United States. Address our Canadian Securities Department.

**KIDDER, PEABODY & CO.**

17 WALL STREET, NEW YORK 5, N. Y.

Uptown Office: 10 East 45th Street, NEW YORK 17, N. Y.

BOSTON

PHILADELPHIA

CHICAGO

---

*An address by Mr. Moore before the Annual Meeting of the Investment Dealers’ Association of Canada, St. Andrews-by-the-Sea, New Brunswick, Canada, June 11, 1932.*
Mutual Fund Investing in Canada

By ALFRED E. BORNEMAN
Advertising Manager, Kidder, Peabody & Co., Members, New York Stock Exchange

Commenting on formation in U. S. of Mutual Funds to invest in Canada, Mr. Borneman cites progress of British investment companies in foreign investment field. Points out opportunities for capital in Canada and holds now is appropriate time for diversified investments in Canada by mutual funds. Lists Mutual Funds recently organized for making investments in Canada, and lauds opportunity thus given small investors to participate in Canada's progress.

The services of this firm include complete brokerage facilities for Canadian dealers and brokers interested in securities traded in the United States.

We maintain a direct private wire to JAMES RICHARDSON & SONS and offer to United States dealers and brokers interested in Canadian securities similar facilities in Canada via this wire.

DOMINICK & DOMINICK
Members of the New York Stock Exchange

14 WALL STREET, NEW YORK 5, NEW YORK

Organisation of Mutual Funds
For Investments in Canada

It was logical that the mutual fund form of investment trust be selected to meet the requirements of investors seeking a medium for diversified investment in Canada. The mutual fund is America's own refinement of the best investment trust experience covering wars and the problems of deflation and inflation of the past 30 years. Mutual funds have built up a high degree of acceptance by investors. People are familiar with this form; like their method of paying dividends, and it is well qualiﬁed for qualifying under the SEC laws and the Blue Sky Laws of the various states.

It was natural that the Calvin National organization would take the leadership in meeting these requirements. The Mutual Fund, Inc., whose shares were offered to the American investing public on April 30, 1952, by a group of 102 underwriters headed by Kidder, Peabody & Co. and Dominick & Dominick, aided by leading investment bankers, was an offering of 900,000 shares of common stock at $12.75 per share, which provided the company with $10,610,000 of capital with which to begin the business. It is underwriting discounts and expenses during the period of the initial offering, the company was a closed-end investment trust, but upon mutual funds become diversified, the company became a diversified.
The Salesman Cometh

through me for these security buyers to pass on constructive comments without fear of their names being disclosed. Many of the comments were trivial and indicated that some of the salesmen in the business were obviously better trained than others, and in this connection the size of the firm wasn’t always the sine qua non. Here they are.

It is surprising the number of salesmen who take for granted that we will make our own cold analysis of the security offered and not be influenced by the salesman’s knowledge, sincerity and enthusiasm. This is not the case, particularly when the salesman is known and the firm well-regarded. The institutional buyer says, “I’m definitely influenced by the enthusiasm and sincerity of the security salesman, and if he sells me, I will go a long way down the road to sell my investment committee. On the other hand, if I am left with the cold facts and figures in black and white, I may or may not become enthusiastic.”

As I have said many times in the past and have already mentioned here this morning, the key to all this business of selling is knowledge, sincerity and enthusiasm — no matter to whom you are selling. You know as I do that the salesman should be inoculated with good healthy doses of all three.

On one of the most interesting observations was made by two of the institutional buyers. It was so interesting that I checked back with the other two buyers, and I should say this type of security and asked if they agreed and they said they did. Here was the observation: The majority of security salesmen (and I suggest the institutional salesman make note of this) the majority of security salesmen for granted that we will make our own cold analysis of the security offered and not be influenced by the salesman’s knowledge, sincerity and enthusiasm. This is not the case, particularly when the salesman is known and the firm well-regarded. The institutional buyer says, “I’m definitely influenced by the enthusiasm and sincerity of the security salesman, and if he sells me, I will go a long way down the road to sell my investment committee. On the other hand, if I am left with the cold facts and figures in black and white, I may or may not become enthusiastic.”

Another minor thing which I will not enlarge upon is that there are still some men who make for a deal because they haven’t had one for six months. You will note I said “men” and “salesmen.”

For one of the most interesting observations was made by two of the institutional buyers. It was so interesting that I checked back with the other two buyers and asked if they agreed and they said they did. Here was the observation: The majority of security salesmen (and I suggest the institutional salesman make note of this) the majority of security salesmen for granted that we will make our own cold analysis of the security offered and not be influenced by the salesman’s knowledge, sincerity and enthusiasm. This is not the case, particularly when the salesman is known and the firm well-regarded. The institutional buyer says, “I’m definitely influenced by the enthusiasm and sincerity of the security salesman, and if he sells me, I will go a long way down the road to sell my investment committee. On the other hand, if I am left with the cold facts and figures in black and white, I may or may not become enthusiastic.”

As I have said many times in the past and have already mentioned here this morning, the key to all this business of selling is knowledge, sincerity and enthusiasm — no matter to whom you are selling. You know as I do that the salesman should be inoculated with good healthy doses of all three.

Gentlemen, you represent organizations which are not only sharing in but helping to promote the long-term growth and development of this country. You know better than I that well-trained personnel, enthusiastic and knowledgeable of your chief assets. Are you giving them plenty of attention? As chief executive you are the one to develop the creative spirit, and the essential of your organization. Are you doing so? Is the Association of any help?

In recent years capital has grown — (taxes have spread them thin) and there has been a vast increase in the number of small capitalists. To keep pace, the investment business eventually will follow the lead of other industries and develop mass merchandising methods. The methods of Mr. Maxwell’s firm can be taken as a splendid model.

In this connection, let me digress slightly. We live in an age when “dipping” the rich is popular, and I must say that within reason, I suppose an incentive for risk-taking is not always the most desirable. But when you reach the point of 75%—95% of individual income, then I think you are buying risk without acquiring growth and profit. At levels of excess of 40% of the tax on the rich but also a tax on the poor, I think you are being very generous. The man who inherits a fortune can pay 50%—90% income tax and suffer not too much — the man who is trying to save and invest cannot pay it and accumulate a fortune.

Assuming this state of affairs continues, you gentlemen, your firms, and certainly your Association, have a tremendous task of educating the public to the soundness of saving and investing in order to share in Canada’s growth and build their savings. We all want Canadian capital to develop Canadian business — to benefit from the country’s growth. The opportunity for this lies of course in the ownership of shares of our companies — equity.

While I would not for a moment underestimate the importance of investigating and analyzing individual securities, I think it advisable that more prominence should be given to the old saw of, “It’s not only what you buy but when you buy it that counts.”

There are a great many advantages to this approach in the problem of managing securities for one thing, if it is adopted regular buying programs, they would derive greater financial benefit over the years. I will always remember when I was in the investment business advising a good solid investor that he should be buying more securities — that the time was ripe. And he replied, “Moore, I always invest at the first of each quarter and have done so regularly for years — it’s a good system.” Such regular investing on the part of many would tend to close the wide gap between capital demand and capital supply. From the industrial point of view, it would make public finance more reliable and more available to industry. Such any regularization of private security buying should increase the sum available for investment.

FINANCIAL CHRONICLE
Thursday, June 26, 1952

C. C. Fields & Co.

This was our advertisement of one year ago...

Today there are no restrictions in Canada on security transactions.

Now it is our opinion that an increase in the price of gold is imminent. And again we will be glad to tell you why we think so.

C. C. Fields & Co.

(Specializing in the accumulation of large blocks of stock)

200 Bay Street, Toronto, Canada

Members: The Toronto Stock Exchange
Banks: The Bank of Nova Scotia, Toronto
Nature and Size of Canadian Industries

Brief comment on nature, size and growth of various industries in Canada as contained in study “Private and Public Investment in Canada, 1926-1951” issued by the government’s Department of Trade and Commerce.

The industry contributed about 8% to total manufacturing net value. Although the proportion of firms operating as corporate enterprises was comparatively small, less than 9%, they were responsible for about three-quarters of the business of the industry. A large share of the Canadian output goes to the domestic market, although purchases by foreigners are also important. Exports amounted to over one-third of production in 1950. Imports comprise only 2% of domestic consumption.

The heavy demand for lumber products in the postwar period was responsible for the entry of a large number of operators into the field. In fact, their number more than doubled in the period from 1939 to 1950. Employment, however, increased by a somewhat smaller proportion, suggesting that many of the new firms were small-scale operators. Only about 100 new firms which have come into operation since 1945 have reported employment of 10 or more persons each. These companies provided over 5,000 jobs, or an average of 30 employees per plant.

Pulp and Paper and Their Products Industry

The industry comprises over 500 enterprises employing about 82,000 persons, about 12% of the labor force. For about 55,000 persons. The remaining 25,000 persons are working in some 400 establishments producing a variety of paper products. In 1960 the industry as a whole contributed 16% of the total net value of production by manufacturing industries. Its gross value of production was of the order of $711 million, of which pulp and newspaper production accounted for about three-quarters and the remaining one-quarter represented the value of other paper products. Corporate enterprises made up more than four-fifths of the industry and were responsible for 94% of its business and employment.

The establishment and growth of Canada’s pulp and paper industry have been based upon the nation’s abundant resources of timber, water and water power. A mass market for its products in the United States has also had an important influence on the structure and development of the industry. These are the major factors which contributed to making Canada the world’s largest producer of newspaper, producing nearly three-fifths of the world’s total supply. Canada produces one-third the world’s pulp and paper products. Of the total output of $1.2 billion in 1950, some two-thirds was sold abroad, mainly to the United States. This proportion is not likely, higher for newspaper, more than 90% of Canadian production. Important, while small in relation to total production, is the exportation of certain specialized lines such as

Continued on page 30

Underwriter • Distributor • Dealer

Securities of the United States
Government and its Instrumentalities
State, Municipal and Revenue
Securities
Bonds, Preferred and Common Stocks
of Industrial, Public Utility and Railroad Corporations
Bank and Insurance Company Stocks
Bankers’ Acceptances
Securities of the International Bank for
Reconstruction and Development
Canadian Bonds
Foreign Dollar Bonds

BONDS
STOCKS

MARKETS maintained in all classes of Canadian external
and internal bond issues.

Stock orders executed on the Montreal and Toronto Stock
Exchanges, or net New York markets quoted on request.

DIRECT PRIVATE WIRE CONNECT CUR
NEW YORK, TORONTO, MONTREAL, OTTAWA, KITCHENER,
LONDON, HAMILTON AND BRANTFORD OFFICES

DOMINION SECURITIES GPRN. LIMITED

Philadelphia
Boston
New York
Montreal
Toronto
Vancouver
Quebec
Montreal
Chicaco
St. Louis

40 EXCHANGE PLACE, NEW YORK, N.Y.
50 KING STREET WEST, TORONTO, CANADA

THE FIRST BOSTON CORPORATION

New York
Boston
Pittsburgh
Chicago
Cleveland
San Francisco
In Attendance at I.D.A.C. Convention

KINGSMILL, J. A.
Investment Dealers’ Association, Toronto

KIPPEE, E. D. R.
Kippen & Co. Inc., Montreal

KIRBY, W. J.
Eastern Securities Co. Ltd., Saint John

KNIGHT, H. J.
Walwyn, Fisher & Co. Ltd., Toronto

LANG, A. G.*
Burns Bros. & Denton Ltd., Toronto

LEVYSCHE, J. J.
Credit Interprovincial Limitée, Montreal

LEWIS, R. S.
Cair, Ballantyne & Co. Ltd., Montreal

MacCALLUM, G. L.*
F. J. Brennan & Co. Ltd., Sydney

MacDONALD, N. D.*
G. E. Leslie & Co. Ltd., Montreal

MacKAY, H.
W. C. Pittfield & Co. Ltd., Toronto

MacKENZIE, Dr. Norman
University of British Columbia, Vancouver

MacMURRAY, J. A.
Eastern Securities Co. Ltd., Saint John

MacNAMES, G. P.
N. L. MacNames & Co. Ltd., Toronto

MacNAMES, N. L.
N. L. MacNames & Co. Ltd., Toronto

McALPINE, W. D.
Beverley, Calhers & Company, Toronto

McAVITY, J. M.
W. C. Pittfield & Co. Ltd., Toronto

McCARTNEY, D. G.*
Eastern Securities Co. Ltd., Saint John

*Donates Mr. and Mrs.

Our Toronto Office...
Knows Bay Street—

and Wall Street

Through our Toronto office, Canadians interested in American securities or commodities have access to an organization with the experience and the complete facilities to serve them. Bache & Co. deals in every type of investment, from listed securities to over-the-counter transactions over the border or domestic. We have branches, correspondents or representa-

Diagnostic Securities & Oil in 72 cities in the United States and abroad... only seconds apart by private wire services.

Ask for our current literature.

BACHE & CO.

Founded 1879

MEMBERS NEW YORK STOCK EXCHANGE AND OTHER LEADING STOCK AND COMMODITY EXCHANGES

36 Melinda Street, Toronto

*Limited Partnership

Main Office: 36 Wall Street, New York 5, N. Y.

Branches and correspondents in 72 cities throughout the world

O'BRIAN, R. G.
Wood, Gundy & Company Limited, Toronto

ODONHOE, A. J.
A. F. Francis & Co., Ltd., Toronto

OGILVIE, L. F. W.
Morgan, Keegan & Robinson Ltd., Montreal

OSBURN, A. G.*
Pemberton Securities Limited, Vancouver

OUELET, R.*
Dawson, Hanaford Limited, Montreal

PARTON, D. W.*
Canadian Alliance Corporation Ltd., Toronto

PAVÉ, W.*
W. C. Pittfield & Co. Ltd., Montreal

PEPALL, W. G.*
Bell, Gootkind & Co. Ltd., Montreal

PEUGUÉAT, J. A.
Cochran, Murray & Co., Montreal

PETERS, C. L.
F. J. Brennan & Co. Ltd., Saint John

PETRIE, J. R.
Jones, Howard & Co., Montreal

PHIPPS, G. E.
Dominion Securities Corp. Ltd., Toronto

POMERLEAU, J. R.
Stamford & Co. Ltd., Montreal

PLAXTON, A.*
Intercity Securities Corp. Ltd., Toronto

POPE, E. R.*
Ross, Knowles & Co., Toronto

POPPER, J. D.
A. E. Ames & Co. Ltd., Montreal

PURDY, C. M.
Stamford & Co. Ltd., Saint John

PURDY, W. E.*
F. J. Brennan & Co. Ltd., Saint John

PURVIS, A. B.
Calvin Bullock Ltd., Montreal

READ, W.*
W. C. Pittfield & Co. Ltd., Moncton

REEVE, Miss Fern
Court Reporter, Montreal

ROBSON, W.*
A. E. Ames & Co. Ltd., Toronto

ROGERSON, E. A.
Mills, Spence & Co. Ltd., Toronto

ROSE, Frank*
Dow, Jones, New York

ROSS, G. Allen
Collier, Norris & Quinlan Ltd., Montreal

ROWAN-LEGG, E. S.
Bache & Co. Ltd., Halif.

ROWE, R.*
Bell, Gootkind & Co. Ltd., Montreal

SCOTT, L. W.
Ross, Knowles & Co., Toronto

SHAW, D. R.
A. E. Ames & Co. Ltd., Montreal

SIMPSON, D. G.*
Midland Securities Corp. Ltd., Toronto

SKELLY, D. A.
A. M. Kidd & Co., Montreal

SKULLY, H. D.
Eastern Securities Co. Ltd., Fredericton

SMALLWOOD, Hon. Joseph R.
Premier of Newfoundland, St. John’s

SMITH, C. Tenkey*
Harrington & Co. Ltd., Toronto

SMITH, J. C.
Wood, Gundy & Co., Toronto

SOMERVILLE, G. L.*
Carlisle & McCarty Ltd., Calgary

SPRAGGE, W. P.
A. E. Ames & Co. Ltd., Toronto

STEPHENS, S. C.*
James Richardson & Sons, Winnipeg

STEWARD, G. C.
Royal Securities Corp. Ltd., Toronto

STYLES, Arthurs*
Empire Trust Company, New York

SWINDELL, G. A.
Wood, Gundy & Co. Ltd., Winnipeg

TATTON, L. A.
James Richardson & Sons, Toronto

THOMAS, George N.
Harrison & Co. Western Ltd., Winnipeg

THOMSON, R. B.
Investment Dealers’ Association, Montreal

TOWERS, Graham
Bank of Canada, Ottawa

TRUEBAU, R. N.
Savard, Hodgson & Co. Inc., Montreal

TURGEON, Henri
Greenfield & Co. Inc., Montreal

TURNLEY, A. H.
Brien Locke & Co. Ltd., Calgary

URQUHART, D. E. R.
James Richardson & Sons, Montreal

VIRTUE, E. W.
James Richardson & Sons, Toronto

WHITE, W. T.*
G. E. Leslie & Co., Montreal

WILLIS, J. W.*
F. J. Brennan & Co. Ltd., Saint John

WILSON, G. M.
Hargrave Securities of Canada, Toronto

WINSLOW, J. D.*
Winslow & Winslow Limited, Woodstock

WINSLOW, J. E. C.
Winslow & Winslow Limited, Woodstock

WOOD, J. D.
Nestitt & Thomson & Co. Ltd., Montreal

WOOD, J. Duff
Fry & Company, Toronto

WOODCOCK, W. A.*
Burgess & Co., Toronto

WRIGHT, R. K.
McIndoe & Co., Ltd., Toronto

YOUNG, N. D.
Dunham Securities Corp. Ltd., Toronto

Canadian Securities

Established in 1905, our organization is engaged in the underwriting and distribution of Canadian government, municipal and corporation bonds and corporation shares.

With head office in Toronto, branches are located from Halifax to Victoria in Canada as well as in London, England.

Direct wire connections between New York, Toronto and Montreal.

Stock Exchange orders executed.

Wood, Gundy & Co. & Co.
Incorporated

14 Wall Street, New York 5
105 West Adams Street, Chicago 3

Head Office—36 King Street West, Toronto 1

Established 1905

Branch Offices In
Montreal, Winnipeg, Vancouver, Halifax, Quebec, Brockville,

Private Enterprise at Work in Newfoundland

Making myself—I couldn’t help it and must repeatedly do so—when it comes to the great strides we are making, I don’t deny that great strides are being made when you relate them and compare them with the past, but I am not satisfied, personally, that we in Canada are developing Canada as rapidly as it can be developed and as it ought to be developed. But I go back to the old idea that you must repeatedly do so, namely, that in the vast need for the development of Canada you must be alert, and I am sure if you play the greatest single part taken by any class of Canadians today. Comparisons are odious and I would not for a moment wish to underestimate the importance of other classes of our people in our community. But I am not so sure, namely, that in the overawed when I meet investment dealers because I feel that they must surely be among the best informed people of all the people in Canada, as an important part of the Canadian economy is concerned. I dare say, if the truth were known, there isn’t a gentleman present here today but who has personally investigated not one, not a dozen, but what he did not possess the necessary, because of his work, to investigate closely the parts of at least 50 different industries in Canada and the sort of other class of people in Canada that can be said with any truth or with any reason.

Dealers Should Study Newfoundland’s Economy

Now, I would like to try each one of you is probably quite aware of the industries of the provinces of Canada and the work of all the governments of Canada and on the affairs of all the Provinces of Canada, and I think that we have found across Canada generally a considerable amount of good will toward Newfoundland. I think when Newfoundland became a Province of Canada the average Canadian citizen, in what we in Newfoundland call the “mainland of Canada,” felt rather a feeling of satisfaction that Canada had become a little bit bigger by the addition of a new province, and that somehow and in some way that wasn’t too clear in provinces of Canada had become a bit stronger in the world’s sight, a bit more important. So there was, I believe, some exaggeration on the part of the Canadian public in general over the fact that Newfoundland had decided by public and secret ballot to cast her lot with Canada and become a province. I suggest to you, however, that that is far from being enough from Newfoundland had decided to become a province of Canada, and I would say that here in this gathering today—and I take it are not all of the Investment Dealers to possibly not even half or quarter of all the investment dealers of Canada, but it is possible here—but I would say that you who are here for one reason or another have definite states in the provinces of Canada. You can’t boast a bond issue for a provincial government, for example; you can’t keep to organize a company to or to be in the finance of a company in a province without coming thereby to have a position of authority in that province. That puts you in the position of being a sort of partner of that province and that applies to all of the nine provinces. But I wonder how many of you gentlemen here today have the slightest practical interest in the new province. You haven’t assisted in the floating of any bonds, government bonds. You haven’t assisted in the floating of any Newfoundland bonds, with the result that no one, or thereabout, for instance, regard Newfoundland as one of the most important parts in the world’s sight, and I have none of that nature. I suppose actually, beyond a sentimental regard for Newfoundland, you haven’t a great deal of interest in it because as you are not partners in Newfoundland’s economy. You haven’t played any particular part in the building of the Newfoundland economy because you haven’t had anything to do with the floating of Newfoundland bonds or the sale of Newfoundland shares.

I have come to this conclusion: That so potent a body as the Investment Dealers of Canada have got somehow to be brought in as partners in the economy of Newfoundland. We have got to have—well in Newfoundland—somehow and in some way the general goodwill of the average Canadian. We have got to have something more than that in Newfoundland; we have got to link ourselves to the Canadian economy, and the sacrifice of the number that of, or the marriage broker for that, is exactly the Investment Dealer of Canada and we have got to achieve some little sidestepped, just a little sidestepped, by some of the completely devoid of the other Canadian fellow citizens on the “Mainland of Canada” about Newfoundland. It is just appalling. You know more almost any state you think, but I am speaking generally. Doubtless there are gentlemen here today that know more about Newfoundland than I, but I am speaking generally. The thing that I have heard said by perfectly good and otherwise well informed Canadian citizens about Newfoundland are incredible. The questions have been asked and of the industries of Newfoundland are equally incredible because they give clear, unmistakable evidence of the fact that the ignorance of the mainlander Canadians concerning Newfoundland people to know that the people of Canada as a whole know so little about them and misunderstand them as much as they do.

Newfoundland as a Source of Investment

Now, gentlemen, I don’t know if you are aware of the fact that Newfoundland is very, very old. The oldest city of the western hemisphere is St. John’s. We have been running down there in St. John’s from 1497 continuously, which makes it the oldest settled part of the New World. For one hundred years, a whole century, Newfoundland was the only part of Britain overseas, Britain’s only colony. For the first hundred years of Newfoundland was virtually the only part of the New World that was actually well known to the people of Europe, and in coming off into the Hinterland—that is what is now the east coast of Canada—and to the wilderness beyond—that is what is now the eastern seaboard of the United States—mariners set their course for the well known haven of St. John’s and from St. John’s pushed out into the unknown. St. John’s was the great rendezvous where all the mariners of Europe met to exchange news and to pick up their bearings when they wanted to go exploring along the coast of North America. Newcomers such as Halifax, founded in 1749— we look down our noses at places that. We are very old in Newfoundland, which is a very cardinal point with us. You can’t begin to understand us until you get that fixed firmly in your mind—you are extremely old for the New World, that is. Then you go over to England and you go into an old church built 300 years be...
Private Enterprise at Work in Newfoundland

Continued from page 13

fore Newfoundland was even dis-
covered and you also do to get
a sense of perspective, of course,
but in the western world New-
foundland is very very old.

Now, second, we are very Brit-
ish. We are more British than
the British, more royal than the
Queen.

Pre-Confederation Experience

Thirdly, we are very tough and
very cocky and very independent.
When I first dared to suggest in
Newfoundland that perhaps our
destiny was linked with that of
Canada, we stopped to talk to
John Canada, I was dubbed sharply
"Judas Iscariot," "public enemy," "a
Quilina," a "traitor," and a
"dirty drunk" who was going to
sell his country up the St. Law-
rence. (Laughter.) That wasn't so
funny when I had to go around
St. John's with a bodyguard armed
with revolvers and clubs who
met me in the doorway as I came
out of my house, who didn't dare
stand on the other side of the
sidewalk where the car was wait-
ing but stood in the doorway and
surrounded me as I came out to
get into the car and surrounded me
in the car. It wasn't so funny then.
Nor was it funny when a
crowd of 3,000 people came down
to my house to tear it down
merely because I lived in it, nor
so funny when the owner of the
house, from whom I rented part
of it, found that Lloyds of London
wouldn't insure it while I lived in
it against riot and civil com-
mon. It was not so funny as

...

We Maintain American Markets in Canadian Oil, Mining Public Utility & Industrial Stocks & Bonds

GOODBODY & CO.

ESTABLISHED 1871

MEMBERS

New York Stock Exchange and Other Principal Exchanges

115 BROADWAY

New York 6, N. Y.

Tel.: BA 7-0100

105 WEST ADAMS ST.

Chicago 3, Ill.

Tel.: CE 6-8900

Direct Wire to Greenshields & Co., Montreal and Milner, Ross & Co., Toronto

We Maintain American Markets in Canadian Oil, Mining Public Utility & Industrial Stocks & Bonds

GOODWIN HARRIS & COMPANY

STOCK BROKERS AND BOND DEALERS

MEMBERS

THE TORONTO STOCK EXCHANGE EDMONTON STOCK EXCHANGE

CANADIAN COMMODITY EXCHANGE INC.

THE INVESTMENT DEALERS' ASSOCIATION OF CANADA

347 Bay Street

Toronto 1, Empire 9-9441

Sarnia, Ont., Edgewater 2316

PRIVATE WIRES
Private Enterprise at Work in Newfoundland

Newfoundland's economy is very backward. Newfoundland is very, very undeveloped and underdeveloped.

Newfoundland's Early History

Now there are historic reasons for that. If you were in the City of St. John's I could take you now to a building on Water Street which has chimneys in it built of brick. Most chimneys in Newfoundland are built of brick and you might wonder what was exceptional about it for a particular building. It is this fact, that it is the last building in Newfoundland of which I know that had wooden chimneys built of board; but the chimneys in that building were quite extraordinary; they didn't come straight out from the roof towards the sky — they led out foundland. Actually, you weren't allowed to live in Newfoundland if it was illegal prior to 1811 and the first road building on that island was in 1823. The first school that was legal and lawful in Newfoundland was only around the turn of the 19th century. You couldn't enclose a piece of land, you couldn't fence it; fences were illegal. Inhabitants of the island were not allowed by law to use the fore-shore on the coast until first the fishing vessels from the West of England had come, made their selections for the season; and then any fore-shore left could be used by the inhabitants who weren't there legally in any case and upon whom England, at best, turned the blind eye. It was a deliberate imperial policy of preventing the settlement of Newfoundland because Newfoundland, unlike the other parts of the Commonwealth and the Empire, was not a colony at all, it was a fishery. It was not even a plantation. It was just a fishery. As one man said, testifying before the House of Commons at Westminster, "Newfoundland is a great rock, a great ship moored in the midst of codfish on the Atlantic Ocean, a place to which our fishermen may go in the early summer to fish, returning with their fish to England and all their equipment in the early fall of the year." It was the great nursery, they said, of the British Navy. By preventing settlement, by requiring that fishermen leaving England—if they went to Newfoundland at all—must return to England in the same year, they were building seamen for the British Navy—Newfoundland was viewed as the nursery of the British Navy.

There were historic reasons, many of them, to account for the backward state of Newfoundland; but reasons apart, I just want you to remember, when you remember that Newfoundland is the oldest part of the British Empire and of the New World, that the people there are tough, and proud and arrogant, very proud of their remarkable history. When you remember that, remember also that our economy has been extremely backward for reasons upon which I have merely touched and that as a result of the backward state of our economy you have the rather appalling backward state of our public services.

Newfoundlanders Demand Progress

Now what has all that to do with today's meeting? It has this to do with it—that we are now a Province of Canada. Newfoundlanders feel, rightly or wrongly, that they must share in the greatness of Canada, in Canada's destiny. They are not happy—rather they are not content; they are quite happy—they are not content, not satisfied to share in Canada's world-famed social security measures, family allowances, old age pensions and the like. I never heard yet of people who refused to accept them in any Province of Canada, not only Newfoundland. They are pleased to have these, but that is not the measure of their ambition. That was not—contrary to what some people had said — it was not for the sake of family allowances and the other social security benefits from Ottawa that the people of Newfoundland voted to become a Province of Canada. It was rather that Newfoundland would share in Canada's greatness and Canada's destiny and that Newfoundland would break the shackles that had bound her for centuries, that a new freedom would come upon us.

Now, it is not enough, I suggest, for the mainland of Canada to know that in Halifax and in North
Sydney the ports are blocked with ships and trains, trains carrying merchandise down to Newfoundland, that the Canadian National Railroad running across the Island of Newfoundland is virtually de- meralized. I exaggerate a little bit at this point not too much—it is virtually creaking and groaning under the weight of Canadian merchandise pouring into Newfoundland. Don’t overlook the fact that before con- federation we did our trade with the world; we bought from the United States when it pleased us, from England when it pleased us, from Canada, from any part of the world, and it did please us to buy from half the countries of the world. We had our own tariff, don’t forget, and we exported where we could. Today, however, we import virtually only from within the boundaries of Canada as a whole, with the result that a fabulous increase has taken place in the quantity of Canadian made goods pouring into Newfoundland, so that on the Cabot Strait it is not enough now to have one boat plying between North Sydney and Port Aux Basques. Two are not enough; three are not enough, four, five and six are not enough. Go to North Sydney and ask them what has happened to the trade passing through, go to Halifax, go to the shipping people. It is fabulous but I say that it is not enough, four, five and six are not enough. Go to North Sydney and ask them what has happened to the trade passing through, go to Halifax, go to the shipping people. It is fabulous but I say that it is not enough, four, five and six are not enough.

All of Canada Must Be Developed

There is a certain logic which says this: That the smart thing to do is to move all the people from Newfoundland, Prince Ed- ward Island, Nova Scotia and New Brunswick, move them all away from there, from these Atlantic Provinces, the East Coast of Canada, move them into Quebec and Ontario and British Colum- bia. There is a certain logic which would suggest that, I am not blotted to that logic. Sometimes I ask myself if it isn’t more than just logic. But do you suppose that you will build a great Canada that way? Suppose you had only three Provinces; suppose you had got to have Saskatchewan because that is where the wheat comes from and you have got to have Alberta because of the oil, but you might adopt the view, the rather logical view, that Canada should consist only of Ontario, Quebec and British Columbia, with the Atlantic Provinces reserved as a sort of game preserve and a place where tourists poke around Alberta for the oil and Saskatchewan for the wheat but a sort of a hinterland frontier with the real Canada being Quebec, Ontario and British Columbia.

Now there is a certain logic in that but don’t know that a great Canada can be built that way. What is the alternative? Surely the alternative for men more worthy of their destiny—and may I say again that you genti- men, whether or not you measure up to it, have a function to perform that is basically greater than the function of the Parliament of Canada, and that is not flattery. If Canadian indus- try, Canadian finances and Cana- dian statemanship are worthy of their destiny, if they are not just little men with local and parochial patriotism, with limited outlook, if they are really big men, if their concept of Canada is a great con- cept, they will, on one hand, reject the logic of depopulating, literally depopulating these East- ern Provinces to build two or three big Provinces. Don’t forget if they all move to Quebec or On- tario, they would still not be as big as the one State of New York. Let’s not forget that in passing. They will reject that logic and realize that Canada will be great only if every last part of Canada capable of development is devel- oped; that the very coffer upon which the first economy of North America was based is not for nothing. When you go into the State Capitol at Boston you see the coffer hinging in the build- ing, Massachusetts was built on cod, and so was all of New Eng- land and so was all of Eastern Canada—just cod—and that is the least esoteric of all the fish. There are aristrocratic fish compared with the common cod—lobster and salmon and scallops and clams and a host of others. Even the common fish in the water is a god- given wealth and dare we Canadian spurn it? I won’t give you a lecture on fish but would like to remind you that Matthews, an accomplished gentleman who lived back a century or so ago, was rather disturbed in mind by the problem of population and the re- lation of the food supply to the population of the earth. He wrote some books about it. Fish is a great protein food, it is one of the great sources in the world of protein and the world is short of protein. Canada can achieve her destiny, really achieve it, but only by developing all of its resources, including the fishing industry. Oil is good, and I have a particular and selfish reason for saying that because we have John Fox spending this summer $500,000 in New-foundland drilling for oil. He told me on the telephone yesterday from Montreal, “Joe, I am getting oil in Newfoundland and I am getting it this summer—so I don’t do- spiwe any oil and uranium and titanium and iron and all the other forms of wealth but do not despise fish; and even Canada’s destiny will not be fully realized if Canada neglects to develop to the full her vast deposits of fish on the Pacific Coast and on the Atlantic.

And speaking of the Atlantic Coast, stick out your chest, as Canadians, just a little more when I remind you that Canada now has a foothold at Cape Chulley—you are still in Newfoundland—and come 1,000 miles in a straight line down the Coast of Labrador and then across the Strait of Belle Isle and down the Coast of Newfoundland to Cape Race and then down to the southern tip of the Canadian Mainland—that is a greater At- lantic Coast than the United States has. That is one thing we have done for Canada, anyway. We have given her a Coast on the Atlantic—she hasn’t got one on the Pacific, as you know, or a very small one. And in these oceans— Pacific and Atlantic—if the good cod has given us something that the world needs, a good protein food, then Canada, I suggest to you, has not accomplished her destiny until these resources, less flashy, less spectacular, less roman- tic than titanium and oil and

We invite you to make use of our brokerage facilities

The head office of Locke Gray & Co. is in Toronto, the focal point for mining and industrial financing in Canada. However, our facilities extend through the oil fields of Alberta to Vancouver—the hub of the lumbering and mining industries of British Columbia.

Locke Gray & Co. are Members The Toronto Stock Exchange as well as the Vancouver Stock Exchange. Our very close association with Brian Locke & Co. Ltd. of Calgary, Alberta, is of particular interest to investors interested in Canadian oil stocks. This Associate House is a member of the Calgary Stock Exchange.

Private wires connect our Toronto, Calgary and Vancouver offices for the convenience and the better servicing of our customers’ accounts.

We respectfully invite your inquiries.

Locke Gray & Co.

38 MELINDA ST., TORONTO · Telephone EMPire 4-0421
MEMBERS THE TORONTO STOCK EXCHANGE
AND VANCOUVER STOCK EXCHANGE

The Midland Company

Members The Toronto Stock Exchange

Midland Securities Corp.

Limited
Government, Municipal and Corporation Securities

Members The Investment Dealers’ Association of Canada
Members The Investment Bankers’ Association of Canada

The Midland Company

The Toronto Stock Exchange

30 KING STREET WEST
TORONTO, ONTARIO

EM 2-3135

HUSKON & HIE BUILDING
LONDON, ONTARIO

EM 2-3135

EM 2-1450
Private Enterprise at Work in Newfoundland

timber and all the rest of it, are developed.

"Men of Vision"

When we joined Canada there was a great gleam in our hearts that we, too, would begin at once to share in the development that was going on. I will never forget as long as I live on this earth the sights I have seen amongst the Newfoundland fishermen in our ports. I have seen men who were willing to work from dawn to dark—and beyond dark—scarely able to walk from beri beri. When you see a fine, strapping, fisherman of 40, with four or five children, who in his health could take any man here and fling him 20 feet away, that kind of man's hand cash family allowance reduced by starvation to a condition of beri beri, where he is able to get along only like this (demonstrating) just like this, creep along, creep along on the ground and when he has walked 20 paces out of breath and has got to sit down, all from starvation and hunger—that is something you will never forget. I have lived amongst the fishermen and you don't need to be sentimental about it, emotional about it; it is an ordinary fact, it is one of our facts, one of our Newfoundland facts before Confederation. So when you saw that kind of destitution you could feel a little happy in your heart that some of Canada's famous and ludicrous and ridiculous and absurd but nevertheless hard cash family allowance cheques would begin pouring into those families. But that wasn't the reason why Confederation appealed to me. My principal reason for wanting Newfoundland to become a Province of Canada was that suddenly our population would increase from 350,000 to approximately 14,000,000. That I said to myself, if we in Newfoundland have the energy and the initiative and the vision and the fact, somehow or other, we can find the capital—and that is where you gentlemen come in—to develop Newfoundland, at least we will have the market provided that we can do it compatibly, in competition with the best and the biggest and the latest on the Mainland of Canada itself.

Natural Resources Studied

Of course that would be possible only if you had something to develop. That was one of the heartbreaking jobs that confronted me when I was asked to take over the Government in Newfoundland. What did we have? Just what did we have in Newfoundland? We knew we had fish. We also knew we had timber. The evidence of that was that we had the world's largest paper mill, Bowaters at Corner Brook; 1,500 tons a day; and at Grand Falls, established by Lord Thorneycroft, we had one of the world's largest paper mills with 750 tons a day. We knew we had timber. We suspected that we had water power. Just preliminary survey showed it to exist in the millions of horsepower. Just in passing, I will engineers down to one falls— one falls alone—in Labrador, and not the Grand Falls of Labrador, which are 100 feet higher than Niagara and where you take 5,000,000 horsepower—not that falls, just an obscure one with one million horsepower at a development cost to lay the power down to a site at 1.43 mills, less than one and one-half tenths of a cent. We didn't know we had that. We thought we had minerals. We thought we had fish. We were not as well known as we had timber but didn't know how much. Extraordinary as it may sound to you gentlemen, no Government in Newfoundland had ever bothered to find out what we did have. I have unfortunately acquired a reputation for being a politician and I am by no means a politician; I am not a politician. I am a misplaced businessman; I am a misplaced investment dealer. All my interest is in industry; I have no other interest except smoking. It is all industry and smoking and I read a little but that is all.

I still cannot understand how one Government after another in Newfoundland, including the one that was in power 15 years and appointed by his Majesty's Government of the United Kingdom, never even bothered to wonder, let alone to find out, how much timber we did have, what minerals we did have, what water power we had. So when I took over three and one-half years ago with this dream of development in Newfoundland, I had to begin quite literally from scratch. I had to start scratching to find out what we had. It has cost us a lot of money, and we had to begin from the beginning. It cost us, for example, $300,000 that we paid the air photographic surveys of Toronto to go down and make magnetic surveys. It cost us a couple of hundred thousand dollars to go down and make sure surveys of just one part of our water power potential. It cost us many hundreds of thousands of dollars more to make other economic surveys. That is a simple basic job of just trying to find out what we have got to sell and blue print it. It is still going on. We must still spend many hundreds of thousands of dollars to measure what we have got.

Foreign Capital Attracted

I don't need to tell you gentlemen you can't go and raise capital; you can't get people interested until you first bring them at least enough data to convince them that the thing is worth taking a good hard look at. You have to get that much at least and even getting that much, unless we were prepared to wait for 10 or 20 years and do it in the slow and leisurely fashion, if we were to put real drive and pressure behind it, it would cost a lot of money, and it did and it will. The only pity is that it wasn't done 10 or 20 years earlier. This year we are going to get results. In 1931 we had in Newfoundland more mining companies employing more geologists of all kinds and spending more money in a search for minerals than we had ever had in any 25 years put together. That year we had twice as many as we had last year and we hope that next year we will have

Underwriters and Distributors of
Canadian Government, Municipal and Corporation Securities

BANKERS BOND CORPORATION
LIMITED
Business Established 1912
44 KING STREET WEST, TORONTO, CANADA
Members of The Investment Dealers' Association of Canada
twice as many as we had this year. That is because—but that is too long a story to tell—it is because we did these surveys. We got enough data reduced to map form to stir up some very genuine interest. You don't get Falconbridge Nickel and Frobisher, you don't get American Metals, you don't get Reynolds Metals, you don't get American Lead Zinc and Smelting, you don't get Freeport Suburbs, you don't get Anacona Copper, you don't get American Lead, you don't get Selection Trust—which is perhaps one of the biggest of all the British mining concerns—you don't get concerns like that to move into Newfoundland and perhaps to spend many hundreds of thousands of dollars merely because they like Newfoundland or merely because some slick salesman has sold them the idea of going there. You have to have something basic to begin with. We have the Natural Resources Previously Ignored.

Now it has cost us hundreds of thousands of dollars, as I described, to get that kind of basic information. It will cost hundreds of thousands of dollars more to enrich that basic information; and, as it is enriched, we can go to other companies and say, "Don't you think this is worth your taking a look at?" Now, besides being up against that terrible obstacle of not knowing what we had, we were up against another obstacle of a perfectly mad character, and it was this: it is old stuff to other Canadian provinces; they have gone through it often in the past; in Newfoundland the government always gets its revenue the easiest way—ad valorem duty—which was all. Well, in later years we did put on an income tax, but most of the time just an ad valorem duty was what they used for revenue. It is easily handled. Timber, minerals, water power were just trash; they had no value in the eyes of our government in Newfoundland in the past, so they gave it away to anyone who wanted it. If you had enough energy to ask for it, the government gave it to you. When you take a map of Newfoundland, just a geological map of Newfoundland showing who has what, you are astonished to begin to discover the government has nothing; they have given it away. We in some cases began to find out who really did own it. We found that about 1860, before confederation, around 1860 the government of that day had given away a water power, which we now know will develop about a quarter of a million horsepower, for one peppercorn. When I came into office I said, "Find that peppercorn." The peppercorn was gone, the water power is gone, and we are left with nothing. That is rather a dramatic example, but in most cases they didn't even get a peppercorn. All gone. Now we go out and spend good, hard cash, public money, to survey these areas and, having surveyed them, what can we do about them? Some private owner owns them; where is he? God in Heaven knows; we can't find him. There is a grandson of the old fellow who got it in the first place. Where is the grandson? We search titles; also we search records in England, we hire lawyers to try to trace the owner; we can't find him. In some cases we did and in some cases the owners are residents of Newfoundland; but whether you can find them or not, they are somewhere presumably and they have done nothing. They haven't spent a dollar; they haven't prospected; they haven't surveyed; they have gone exactly nothing. What should we do in a case like that? Here between us, just man to man, if you were in my job you would be strongly tempted to say, "To the devil with that stuff; let's take it all back!" That would be a human reaction; that would be the first reaction of any one of you gentlemen confronted by that piece of one thousand square miles of area given to a man in 1860 and he is dead for 40 years and his grandson is still there but has never done a single thing about it. You would say, "In God's name, let's take it back to the Crown and see if the Crown can get somebody to develop it." That would be your first reaction; that was mine; it is very human.

Present Government Policy I said, "No, you can't do that kind of thing, on the one hand, and on the other go and expect people of substance to come down and take an interest in your resources. You can't break your word." That is A-B-C, that is elementary; nevertheless it was a

MEETING A CRITICAL NEED

STEEL is the basic metal of modern civilization—in times of peace as well as war and defense against aggression.

IRON ORE is the basic raw material upon which the gigantic steel industry of this continent has been built.

The critical need for steel, which has been sharpened by the international emergency, places added emphasis on the growing dependence of the steel industry on Canadian supplies of high grade, direct shipping ores.

We at Steep Rock are proud of the increasingly important position we occupy in the great iron ore and steel industries of North America.

STEEP ROCK IRON MINES LIMITED
Steep Rock Lake, Ontario

Canadian Securities

Our organization underwrites, distributes and deals in securities of the Canadian Government, Provinces, Municipalities and Corporations.

Harriman Ripley & Co.
Incorporated

Underwriters and Distributors of Capital Issues
63 Wall Street, New York S. N. Y.

BOSTON • PHILADELPHIA • CHICAGO

Representatives in other Cities
Continued from page 19

Private Enterprise at Work in Newfoundland

powerful human reaction. So what we have done is this: we have passed a piece of legislation last session, four weeks ago. We passed it, got the royal assent. The Minister of Mines—don't forget we have been spending money surveying these privately held areas, completely undeveloped—the Minister of Mines now can certify a given area as an area on which, in the 10 years preceding, no development has taken place, no exploration, no prospecting, nothing; and when he certifies that to the Governor—in Council, the Governor—in Council may—he hasn't got to—he may certify it as an undeveloped area. Now, once it is an undeveloped area under the Act, the Government of Newfoundland—and only the government—has the right to give prospecting permits and development licenses; but anything that comes to the government as a result of any such development, the government must pass over to as much of it as the original owner.

Now, some would argue that he should get any we don't dispute that way; why he should get some. He hasn't got to, he has a chance about it, but we do all the expenditure, and we take it as an undeveloped area. Well, we get a Canadian or American or British company to come in and develop that area, and although he has done nothing we will give him a third of the proceeds that come in. So the problem piles up one after the other.

Government Debt Negligible

All I want to say to you, gentlemen, is that we are completely unknown to the known market, completely unknown; and I am afraid what little is known about us is wrong, or at any rate not very complimentary. Now, the government has no intention of borrowing to the last moment. Our policy—and we are rather afraid it is to eschew public borrowing. Newfoundland is the only province without a public debt, almost literally—it has $3.5 million net funded debt. That is almost entirely, not because you know the City of Saint John has much more than that. Any sizable city of 50,000 or 60,000 people has a debt more than that. We have some indirect obligations: Borrower great mill was built with a $10 million bond issue guaranteed as to principal and interest by the Government of Canada and another $10 million guaranteed by the Newfoundland Government; that was our share; it is down to about $3 million. That is an indirect obligation; make the most of it. I don't think there is anything much to worry about; we have an income and we have guaranteed their bonds to that amount. We don't think it is likely we will ever be called upon to pay.
agreed to become directors of the corporation — the Vice-President and General Manager of Bowaters, Mr. Lewin, Eric Bowring, the head of Bowring Bros., and Mr. Pippie, the head of Newfoundland Tracor and 20 other concerns. These three are from Newfoundland, and the outside directors are Sir William Stephenson, of New York, and George M. Macintosh of Harriman Ripley & Co., Inc., New York; Colonel Griffin of Wood, Gundy & Co., and Claude S. Richardson of McMichael, Commons, Howard, Ker & Catie, of Montreal, and Lytton Gould, of New York. The Attorney General and I are on the board representing the government. We leave the business affairs of the corporation to the businessmen who form the board. We have set up that corporation to be a sort of other government, a second government of Newfoundland to handle all economic matters, financial matters, business matters for the purpose of taking the government out of business altogether.

Private Enterprise Takes Over

Now, gentlemen, may I make a rather shrewd observation to you. The people who have condemned us for building these three factories, for having done a little unorthodox sort of thing, might remember this. There wouldn't have been any need for setting up the corporation if the government hadn't built these three plants. In short, there wouldn't be a corporation if we hadn't built the three plants, and we wouldn't have certain outstanding businessmen today forming the directorate of that corporation if we hadn't built them. So we knew what we were doing. Having accomplished the corporation to take over Newfoundland development, the government now is quite happy to bow out and continue its attention to the passing of laws, the collection of revenue and the spending of it, and the ordinary routine day-to-day affairs that you expect from any government.

Now, gentlemen, I could go on and on, because I think that Newfoundland is the finest of all the provinces and, thinking back, I like to talk about it. And meeting the precise group in Canada that we need now not only in Newfoundland—the Investment Dealers—one is powerfully tempted to go on and on and on explaining Newfoundland and telling about it. I have given you the background, but I hope at least that I have said enough to make you feel that whatever you may have heard about us, Newfoundland desires some of your attention; that you bring yourselves up-to-date; that you try to know what the situation is as of today and not three months ago—that you bring yourselves up-to-date. I lay great emphasis on that—your bringing yourself thoroughly up-to-date if you are going to take any interest in Newfoundland. Base your thoughts, base your conclusions not upon a situation that existed three months ago or six months ago, but upon what the position is today, because there has been a great cut-off. The first three and a half years of our life is a period of daring, venturesome, unconventional, unorthodox activity on the part of the government. That has been cut off. It couldn't be cut off until first something was set up to take its place. That something has been set up, namely, the Newfoundland Labrador Corporation. Once that was set up, the government was able to step out and it has accomplished its great purpose of holding our people together, and you know the danger was that in the last three years 150,000 of our population would have moved out of Newfoundland into upper Canada. That was the danger. We have held them; we have held them together by a rather risky, venturesome and highly unorthodox program of having the government itself engage in the launching of industries. That was highly hazardous, but it has accomplished the purpose in mind, which was to hold our people. There is no use talking about developing a province if it loses its population. We have held them; we have done that; that is the past. Now an entirely new approach, new for us, for this government, but old and conventional and orthodox. That is to say, we have passed over to private enterprise the business of developing Newfoundland. We have given the start to it; we have started the ball rolling, so if you think of Newfoundland, gentlemen, please do not think of us as that queer and unorthodox province with the energetic but highly unconventional government that thinks it can, and I hope that by now you will take the place of private enterprise. Don't think of us in those terms any more. If you do, you are out of date. I think you owe who have taken a part in the to Newfoundland, if you pay building of our Newfoundland any attention whatsoever to it, at least to bring yourself up-to-date. Now, I want to thank you for the finances and the economy of your great courtesy and patience Canada as a whole.

Participating Distributors and Dealers in Canadian Government, Provincial, Municipal, Public Utility and Industrial Bonds

Bartlett, Cayley & Company Limited

320 Bay Street

Toronto, Ont.

Underwriters and Distributors of Government, Municipal and Corporation Bonds

Enquiries invited

HARRISON & COMPANY LIMITED

66 KING STREET WEST, TORONTO 1, CANADA

Telephone: WAverley 1951

Saunders, King Limited

Montreal Trust Building

TORONTO 1, CANADA - EMPIRE 6-8601

MEMBERS OF THE INVESTMENT DEALERS ASSOCIATION OF CANADA

Multiply Your SOURCES OF INCOME Through MISSION INVESTMENT FUND LIMITED

Write or Telephone to: 184 Bay St., Toronto, Ont. EM 6-3781

Specializing in Canadian Internal Payment Bonds in Either American or Canadian Terms

Government, Municipal & Corporation Bonds

In hearing me today, I hope that it will not next year, soon you will hold your convention in St. John's and let us give you a taste of our Newfoundland hospitality. Come down a year or two or three from now, and I hope that by then you will come—some of you—as partnersons and not as curiosity seekers, not as just observers but as men for certain provinces and, thinking back, I like to talk about it. And meeting the precise group in Canada that we need now not only in Newfoundland—the Investment Dealers—one is powerfully tempted to go on and on and on explaining Newfoundland and telling about it. I have given you the background, but I hope at least that I have said enough to make you feel that whatever you may have heard about us, Newfoundland desires some of your attention; that you bring yourselves up-to-date; that you try to know what the situation is as of today and not three months ago—that you bring yourselves up-to-date. I lay great emphasis on that—your bringing yourself thoroughly up-to-date if you are going to take any interest in Newfoundland. Base your thoughts, base your conclusions not upon a situation that existed three months ago or six months ago, but upon what the position is today, because there has been a great cut-off. The first three and a half years of our life is a period of daring, venturesome, unconventional, unorthodox activity on the part of the government. That has been cut off. It couldn't be cut off until first something was set up to take its place. That something has been set up, namely, the Newfoundland Labrador Corporation. Once that was set up, the government was able to step out and it has accomplished its great purpose of holding our people together, and you know the danger was that in the last three years 150,000 of our population would have moved out of Newfoundland into upper Canada. That was the danger. We have held them; we have held them together by a rather risky, venturesome and highly unorthodox program of having the government itself engage in the launching of industries. That was highly hazardous, but it has accomplished the purpose in mind, which was to hold our people. There is no use talking about developing a province if it loses its population. We have held them; we have done that; that is the past. Now an entirely new approach, new for us, for this government, but old and conventional and orthodox. That is to say, we have passed over to private enterprise the business of developing Newfoundland...
Continued from page 6

Canadians Can Profitably Export Capital

other countries. I refer, of course, to the products of the forests, the farms, the fisheries and the mines. Such of these products as are not domestically consumed are exported and they form a very real basis for our economic health. The industries engaged in the production of these important items form the basis of a great and steadily increasing manufacturing industry engaged in production for the domestic as well as the export market.

Export Trade Essential

In order to have a healthy economy, Canada must have a healthy and prosperous export trade. This basic fact is abundantly clear when we remind you that in 1951 Canada's exports of goods and services were 24% of her Gross National Product—that is to say, 24% of the total of all the goods and services produced in Canada that year. Consequently, it is evident that a very large percentage of our population is dependent for its livelihood on our export business.

I have stated that Canada has long been recognized as a great exporting country. What is not so often realized is that she is a great trading country. We are not merely

Charles H. Burgess & Co.

Dealers in Investment Securities

SINCE 1909

Members Toronto Stock Exchange
Investment Dealers' Assn. of Canada

255 Bay St. - Empire 4-8471

Canadian Government, Municipal and Corporation Bonds
External - Internal

F. B. Ashplant & Co.

Two Wall Street

REctor 2-1545

NEW YORK 5, N. Y.

Bell System Teletype—NY 1-69

ANDERSON & COMPANY
LIMITED

Members Investment Dealers' Association of Canada

Dealers in Canadian Government, Municipal and Corporation Bonds

Toronto, Canada

Underwriters and Dealers in—

Canadian Government, Municipal and Corporation Securities

Prices quoted in Canadian Funds for delivery in Canada, or U. S. Funds for delivery in the United States.

Equitable Securities of Canada
LIMITED

226 BAY STREET - TORONTO

Telephone: Empire 6-1141

Hal Murphy, Commercial & Financial Chronicle, New York City; Edward E. Glasgow, Peter D. Carey & Co., Ltd., Winnipeg; George N. Thomas, Harrison & Company Western, Ltd., Winnipeg
and that in which you make the
new investment.
A factor that gives point to the
possibilities of developing foreign
trade through the medium of di-
cest investment abroad is that
only six months ago the Canadian
Government withdrew the foreign
counter regulations that had been
in effect since 1839. The
removal of these restrictions can
do more than facilitate the ex-
change of goods; it presents op-
portunities that have been lack-
ing for more than a dozen years
to increase our trade potential
through the export of our capital
and our abilities in order to par-
ticipate in the development of
other countries.
Involved in this course is the
export of your knowledge and ex-
erience, important and valuable
adjuncts to the export of physical
goods. But whatever is done, one
should do one’s best to secure sta-
dy and continuous markets. These
markets can be made steady
dructively and striving to interest
and continuous only by knowledge
and understanding and the steady
supply of goods or materials on a
basis that is competitive in every
way. And I must emphasize once
more than I cannot help but feel
that institutions such as the Inter-
national Trade Fair in which you
all are participating are impor-
tant factors in developing that
knowledge, understanding and a
goodwill so necessary to the suc-
cess and continuity of internation-
al business.

South American Market
I hope you will bear with me
and understand that, while I re-
ognize to the full the value and
importance to Canadians of many
old and established markets, it is
only natural if for a moment I
turn the spotlight, so to speak, on
that colonial market and trading
world, the continent of South
America. There we have a vast
market, rapidly developing in-

ANDRAS, HATCH & McCARTHY
Members:
The Toronto Stock Exchange
Investment Dealers’ Association of Canada

McLAUGHLIN, REUSS & CO.
MEMBERS
NEW YORK STOCK EXCHANGE
NEW YORK COMMODITY EXCHANGE, INC.
BOND BROKERAGE SERVICE
PUBLIC RELATIONS COUNSEL
FOR CANADIAN COMPANIES
Representing
CARNegie MINES, LTD.
NEW CONTINENTAL LTD.

GOVERNMENT, MUNICIPAL AND CORPORATION SECURITIES
Cochran, Murray & Co.
Limited
DOMINION BANK BUILDING
TORONTO

INVESTMENT STOCK BROKERS
Cochran, Murray & Hay
Members
Toronto Stock Exchange
DOMINION BANK BUILDING
TORONTO

Eastern Securities Company
Limited
Government, Municipal and Corporation
Securities
MEMBERS OF
THE INVESTMENT DEALERS’ ASSOCIATION OF CANADA

A. F. Francis & Company
LIMITED
INVESTMENT SECURITIES
66 KING STREET WEST
Toronto 1
HAMILTON OFFICE—FIDOTT BLDG.

Continued from page 23

Canadians Can Profitably Export Capital


TRADERS & RETAILERS
INVESTMENT
BONDS & SHARES

J. R. Meggeson & Co.

ROYAL BANK BUILDING
TORONTO

ESTABLISHED 1921

Members: THE INVESTMENT DEALERS ASSOCIATION OF CANADA.

Dealers and Underwriters in Government, Municipal and Corporation Securities

WALWYN, FISHER & CO., LIMITED
Member of The Investment Dealers' Association of Canada

44 KING STREET WEST, TORONTO 1, CANADA

Telephone: Unilex 4-1121

WILLS, BICKLE & COMPANY

Members: THE TORONTO STOCK EXCHANGE
THE INVESTMENT DEALERS' ASSOCIATION OF CANADA

INVESTMENTS

44 King St. West - Toronto 1

Waverley 4561

INTERCITY SECURITIES CORPORATION
LIMITED

Members The Investment Dealers' Association of Canada

330 BAY ST., TORONTO

EMPIRE 3-5801

WALTER F. WILSON EDWARD J. MCDONNELL ARTHUR G. PIATTON

Government and Corporation Securities

N. L. MACNAMES & COMPANY

Limited

Members of the Investment Dealers' Association of Canada

19 Melinda Street, Toronto 1, Canada

Telephone: EMpire 4-3543

The American Red Cross
Give
Canada and International Trade

some degree of validity. The difficulties to which they point have contributed, along with many other things, to a constant state of inflationary pressure in most countries in the world—pressure which has usually been relatively stronger in the non-dollar countries than it has been in the dollar area. There has been a constant attempt to do more than the resources of most countries would permit, even with such assistance as may have been received from outside sources. This situation is economic resources—which is one not surprising. There are growing populations to support, there is a keen desire for improvement of standards of living and many forms of social security, and in some cases more leisure time. North America has no monopoly on these needs and desires. We are simply more fortunate in our ability to fulfill them up to a point.

The countries which find themselves in this situation, whose desire outruns ability to pay, inevitably try to use up their foreign exchange reserves. When there is strong pressure on a country's monetary system, this is a source of real concern, and a way of describing an inflationary situation—some of the pressure tends to spill across its borders, taking the form of an import surplus. If adequate foreign exchange financing to pay for this import surplus is not available from one source or another, the country soon finds itself in balance of payments difficulties. As we have seen time and again since the end of the war, the first reaction of countries in this position is to impose or increase restrictions on imports. If they have cash or credit in some currencies but not in others, the restrictions are likely to be discriminatory in character. In dealing with these payments problem by means of such restrictions, they often this attacking the symptoms rather than the cause of the trouble, but it is often felt that getting to the root of the matter by anti-inflationary measures would set up intolerable political strains.

Now I did not come here today to inflict a philosophical discussion on you, I do indeed will to the main point which I wish to make, namely that import restrictions, for whatever reason they are imposed or retained, are contributing to a most serious weakening of the economic structure of the free world. Wherever they exist, you may be sure that labor and capital are being diverted to unproductive uses, and this at a time when the need has never been greater for the most efficient use of capital and labor to build up the world's production of foodstuffs and primary materials as well as to improve the efficiency of manufacturing enterprises in countries best suited to their development.

The distorting and weakening effects on basic economic structures of the developments I have been referring to are strikingly illustrated in the way in which the world's production of foodstuffs and raw materials has been lagging behind industrial production. These comparisons are usually made with figures for the immediate pre-war period, and this is good a basis as any other, pointed one remembers the great increase in the world's population that has taken place during the last 13 years. I am not going to cite global figures because they tend to be misleading, but let me remind you that the population of the United States and Canada has increased by nearly 20% since 1939 and the population of the United Kingdom and Europe, west of the Iron Curtain, has increased nearly 10%.

World Production of Primary Products

In summarizing briefly the situation regarding world production of primary products, I think I can do no better than quote from an address not long ago by John H. Williams, Professor of Political Economy at Harvard Uni-

St. James Street, Montreal, with the 23-story Royal Bank Building in the background.

Established in 1869, The Royal Bank of Canada has grown to be one of the great banking houses of the world. It has over 700 branches located coast-to-coast in Canada, in the West Indies, in Central and South America, in New York, London and Paris. Total assets are over $2 1/2 billion.

Individuals, firms and banks doing business in Canada or abroad will find that "The Royal" worldwide banking facilities—and many specialized services outside the realm of routine banking.

Welcome your inquiries and the opportunity of working with you in furthering your business interests in Canada and abroad.

THE ROYAL BANK
OF CANADA
HEAD OFFICE—MONTREAL

New York Agency, 68 William St., N. Y. S
Correspondents the world over
Assets exceed $2,500,000,000

Continued on page 26
Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade

Canada and International Trade
there is the slight matter of payment which intervenes. And unfortunately the same tendencies which have been operative in some of the primary producing countries have also, for somewhat different reasons, been operating in certain industrial countries, with debilitating effects on their economic structure and on their capacity to make payment for their imports in the only ultimately feasible way—by exporting the right goods to the right places at the right time at the right prices. In these industrialized countries too, inflationary pressures have been strong and have given rise to balance of payments difficulties: here too the difficulties have resulted in import restrictions. The consequence is the same: resources are misdirected and unproductive production encouraged. Originally imposed to meet balance of payments difficulties, the import restrictions in effect in these countries, and the special discriminations which others practice in their favor, become props for industry to lean on, and on which industry ultimately becomes dependent. Temporary in their conception, the restrictions have continuing weakening effects. As the French, with their customary realism, point out, "Il n'y a rien qui dure comme le provisoire."

When a person from a country fortunate enough not to have import restrictions points to their evil consequences, it is often thought that his remarks are prompted only by a desire to sell more goods to other countries, and that in the process he develops into a preacher of perfection. Would not like to have it said of me that my capacity for taking a stem view of other people's duties is matched only by my ability to maintain a calm, philosophical attitude towards other people's troubles. I want to assure you, Mr. Chairman, that I have not fallen into the habit of preaching, that I am well aware of the difficulties confronting other countries and that I do not think there is any easy solution to the problems which I have been discussing. Perhaps I am just exercising the traditional right of the banker to "view with alarm." But in all seriousness, I do suggest that the present state of affairs constitutes a chink, and indeed more than a chink, in the armour of the free nations and that it represents a weakness in the economic foundation underlying their defense efforts—a weakness which, if allowed to develop, could become very great indeed.

If I am right in these anxious thoughts, then we must hope that people will not be more "against" the paraphernalia of import restrictions, special currency arrangements and so forth in the way that everyone is "against" sin. The world did not get into the present position because of deliberate choice, but because at each moment of time the immediate situation seemed to call for action along certain lines, and the longer-run future consequences seemed remote and unforeseeable. The future—or part of it—is at hand; and the longer-run consequences of past emergency measures are clearly perceptible in many fields. If countries are to get out of these entanglements, they must first of all base their policies on a clear recognition of the direction in which they wish to move, and then make sure that the measures adopted produce incentives which lead in this direction and not—or as has so often been the case since the end of the war—in the opposite direction. If international balance at a high level of transactions, without import restrictions, is to be attained and the misdirection of economic resources avoided, we shall have to make an ally and not an enemy of the system of prices and incentives.

Conclusions

What lessons can we in Canada draw from the state of affairs I have been describing? We must, of course, do what lies within our power to influence the course of world events in a favorable direction. But we must also be prepared to keep our heads well above water even if developments elsewhere are unfavorable. To do so we shall continue to need flexibility in our economic system, we shall have to maintain our productive efficiency at a high level, and to keep our costs on a basis where we can face world competition. We shall need, in short, to avoid the rigidity and the misdirection of resources whose weakening effect on the basic economic structure is only too apparent when one sees it in others. If we are successful in avoiding these mistakes, we shall be better able to deal with whatever vicissitudes the future may hold and to derive the maximum benefit from the great economic expansion which is now taking place in our own country.

---

**Canadian Government, Municipal Public Utility and Industrial Securities**

**Dominion-wide service, with offices at:**

| Montreal, Que. | Toronto, Ont. | Winnipeg, Man. |
| Quebec, Que. | Ottawa, Ont. | Calgary, Alta. |
| Halifax, N. S. | Hamilton, Ont. | Edmonton, Alta. |
| Saint John, N. B. | Charlottetown, P. E. I. | Vancouver, B. C. |

Orders Accepted for Execution on All Stock Exchanges

Wire connections: Montreal—Toronto—New York

Correspondents in Bermuda and the British West Indies

Royal Securities Corporation Limited

244 St. James St. W.  
Montreal  
HArbour 3121

330 Bay Street  
Toronto  
EMpire 6-2261

---

**Keeping up-to-date on CANADA?**

You'll find our monthly Business Review a great help. It brings you a clear analysis of Canada's economic developments, detailed surveys of industrial and commercial conditions. To receive this regularly, write to any of our Canadian or U. S. branches, or our Head Office in Montreal.

**Bank of Montreal**  
Canada's First Bank  
UNITED STATES OFFICES:  
New York, 61 Wall St.  
Chicago, 27 S. LaSalle St.  
San Francisco, 335 California St.

Resources over $3,000,000,000 — 579 branches spanning Canada
“Everybody Ought to Know About This Block and Bond Business.” A research agency told us that the average total sales in 1942 of $100,000,000 per year was not enough to finance a small, forbidding type—had there been no such restriction. The average of employment was $100,000 on that ad. It’s appropriate to mention that Sears, Roebuck & Co. used the “Time Magazine” so far, and we’re sure that all of those ads had been distributed on request.

Education, of course, isn’t a one-shot job. It’s a continual process of teaching and re-examining. The job and a job that takes a lot of time. There are thousands of people with no time, and there really isn’t any other way to attract their attention. We believe that there will be an ultimate payoff. We think it is cost effective.

Here, I suspect, is the point where we in the securities industry have the most difficult time reassuring our standards of value. Ten or twenty hours have been inclined to blink of advertising. But it’s not true. Vast, appalling ignorance. Not long ago, the New York Stock Exchange tried to measure the degree of this ignorance. A few finding one tells the story. When the opinion Research Corporation—representing the Exchange—asked people what they would do with extra money, how they would invest it if they had it, only 16% said they’d put any of it into common stocks. Government bonds, insurance, savings accounts, and real estate were preferred to stocks, by margins ranging from 3 to 1 to 5 to 1.

That kind of ignorance can only be counteracted by a broad, consistent, aggressive educational program. Perhaps you think people don’t want to be educated about our business. If you do, you’re wrong. Over three years ago we first published an advertisement entitled "What Everybody Ought to Know About This Block and Bond Business." A research agency told us that the average total sales in 1942 of $100,000,000 per year was not enough to finance a small, forbidding type—had there been no such restriction. The average of employment was $100,000 on that ad. It’s appropriate to mention that Sears, Roebuck & Co. used the “Time Magazine” so far, and we’re sure that all of those ads had been distributed on request.

Education, of course, isn’t a one-shot job. It’s a continual process of teaching and re-examining. The job and a job that takes a lot of time. There are thousands of people with no time, and there really isn’t any other way to attract their attention. We believe that there will be an ultimate payoff. We think it is cost effective.

Here, I suspect, is the point where we in the securities industry have the most difficult time reassuring our standards of value. Ten or twenty hours have been inclined to blink of advertising. But it’s not true. Vast, appalling ignorance. Not long ago, the New York Stock Exchange tried to measure the degree of this ignorance. A few finding one tells the story. When the opinion Research Corporation—representing the Exchange—asked people what they would do with extra money, how they would invest it if they had it, only 16% said they’d put any of it into common stocks. Government bonds, insurance, savings accounts, and real estate were preferred to stocks, by margins ranging from 3 to 1 to 5 to 1.

That kind of ignorance can only be counteracted by a broad, consistent, aggressive educational program. Perhaps you think people don’t want to be educated about our business. If you do, you’re wrong. Over three years ago we first published an advertisement entitled "What Everybody Ought to Know About This Block and Bond Business." A research agency told us that the average total sales in 1942 of $100,000,000 per year was not enough to finance a small, forbidding type—had there been no such restriction. The average of employment was $100,000 on that ad. It’s appropriate to mention that Sears, Roebuck & Co. used the “Time Magazine” so far, and we’re sure that all of those ads had been distributed on request.

Education, of course, isn’t a one-shot job. It’s a continual process of teaching and re-examining. The job and a job that takes a lot of time. There are thousands of people with no time, and there really isn’t any other way to attract their attention. We believe that there will be an ultimate payoff. We think it is cost effective.

Here, I suspect, is the point where we in the securities industry have the most difficult time reassuring our standards of value. Ten or twenty hours have been inclined to blink of advertising. But it’s not true. Vast, appalling ignorance. Not long ago, the New York Stock Exchange tried to measure the degree of this ignorance. A few finding one tells the story. When the opinion Research Corporation—representing the Exchange—asked people what they would do with extra money, how they would invest it if they had it, only 16% said they’d put any of it into common stocks. Government bonds, insurance, savings accounts, and real estate were preferred to stocks, by margins ranging from 3 to 1 to 5 to 1.

That kind of ignorance can only be counteracted by a broad, consistent, aggressive educational program. Perhaps you think people don’t want to be educated about our business. If you do, you’re wrong. Over three years ago we first published an advertisement entitled "What Everybody Ought to Know About This Block and Bond Business." A research agency told us that the average total sales in 1942 of $100,000,000 per year was not enough to finance a small, forbidding type—had there been no such restriction. The average of employment was $100,000 on that ad. It’s appropriate to mention that Sears, Roebuck & Co. used the “Time Magazine” so far, and we’re sure that all of those ads had been distributed on request.

Education, of course, isn’t a one-shot job. It’s a continual process of teaching and re-examining. The job and a job that takes a lot of time. There are thousands of people with no time, and there really isn’t any other way to attract their attention. We believe that there will be an ultimate payoff. We think it is cost effective.

Here, I suspect, is the point where we in the securities industry have the most difficult time reassuring our standards of value. Ten or twenty hours have been inclined to blink of advertising. But it’s not true. Vast, appalling ignorance. Not long ago, the New York Stock Exchange tried to measure the degree of this ignorance. A few finding one tells the story. When the opinion Research Corporation—representing the Exchange—asked people what they would do with extra money, how they would invest it if they had it, only 16% said they’d put any of it into common stocks. Government bonds, insurance, savings accounts, and real estate were preferred to stocks, by margins ranging from 3 to 1 to 5 to 1.

That kind of ignorance can only be counteracted by a broad, consistent, aggressive educational program. Perhaps you think people don’t want to be educated about our business. If you do, you’re wrong. Over three years ago we first published an advertisement entitled "What Everybody Ought to Know About This Block and Bond Business." A research agency told us that the average total sales in 1942 of $100,000,000 per year was not enough to finance a small, forbidding type—had there been no such restriction. The average of employment was $100,000 on that ad. It’s appropriate to mention that Sears, Roebuck & Co. used the “Time Magazine” so far, and we’re sure that all of those ads had been distributed on request.

Education, of course, isn’t a one-shot job. It’s a continual process of teaching and re-examining. The job and a job that takes a lot of time. There are thousands of people with no time, and there really isn’t any other way to attract their attention. We believe that there will be an ultimate payoff. We think it is cost effective.
“How to Invest,” used in over 300 colleges as textbooks, including Harvard, Yale, Cornell, Columbia, and many others. So far we have given away over one million copies of these two publications.

Still another recent educational effort was aimed at employees of large corporations. We prepared a booklet titled “They’re Doing It — Are You?” designed to encourage editors of house organs to write articles on how the capitalistic system functions, and the part stocks and bonds play in it. We sent this booklet to 2,000 house organ editors. The response to date has been simply wonderful. Over 300 editors have told us they will publish such an article. A whole new and uninformed segment of citizenship is learning how our system works. Naturally, we hope when they do learn, they will want to participate in its ownership.

Each client with an open account gets a monthly statement. We usually enclose with these statements some printed promotion piece. Two months ago, for instance, we reminded customers of the millions of dollars lost through failure to exchange securities of merged, reorganized or recapitalized companies before deadlines. Another time, we warned about putting securities away and forgetting about them, and offered to review their portfolio.

Last year our Research Division handled tens of thousands of letters from the public, ranging from inquiries about how to invest $100 to reviewing portfolios of many millions of dollars.

We make no charge for any service performed by our Research Division. In fact, we have no service charges of any kind. At times an analyst may spend as much as a week on one large portfolio, and our only compensation will be the commissions at the usual rate when and if our recommendations are followed, and if, the customer elects to place his business through us.

As another informational service, we publish a magazine called “Investor’s Reader,” which we mail to 90,000 customers every two weeks. It is modeled after the business section of “Time Magazine” and has its own staff whose sole activity is the editing and production of the book.

There simply isn’t time to dwell any longer on the merchandising tools used at Merrill Lynch. But tools are of little use unless they are in the hands of people trained to extract the utmost value from them.

I have mentioned that last year we ranked sixth among all underwriting houses in the United States. Only a few years ago we... Continued on page 32
Continued from page 9

**Mutual Fund Investing in Canada**

Management investment company of the open-end type. This offering was highly successful. The books were closed on May 8, and the company began business as a mutual fund May 14. Six months after Canadian Fund, Inc., became a mutual fund, total assets had grown to approximately $10,000,000 and the company had over 7,000 shareholders. Underwriters and dealers offering these shares found many buyers who had never purchased mutual funds before. There were many owners of a diversified list of domestic securities who picked this method of placing that portion of their funds which they chose to set aside for foreign investment. The amount of the initial offering of $10,000,000 net to the company was set so that the trust would be large enough to assure shareholders of adequate diversification and to permit the ratio of expenses to investment income to be kept reasonably low.

The natural leadership of Calvin Bullock in the Canadian investment trust field springs from their experience in the formation and management of Canadian Investment Fund, Ltd., which was organized in 1932 as an open-end trust for offering in the United States. When the Foreign Exchange Control Board became operative in 1939, shares of this trust were withdrawn from sale in the United States. Canadian Investment Funds, Ltd., shares continued to be offered in Canada and the trust grew until it now has over $45,000,000 of assets and ranks as the largest mutual fund in Canada. The board of directors of Canadian Fund, Inc., a Maryland corporation, includes the same persons who constitute the board of directors of Canadian Investment Trust, Ltd. Thus, the new trust has the benefit of 20 years of experience on the part of its board of directors and its advisors in handling the investment of the largest mutual fund operating in Canada.

On June 4, 1952 another offering of shares in a mutual fund, Natural Resources of Canada Fund, Inc., was made to the public by Frank L. Valenta & Co., Inc., as distributor. The offering consisted of 1,965,983 shares of common stock which was offered at $3.50 per share. Frank L. Valenta & Co., Inc. also manage Natural Resources Fund, Inc., a two-year-old investment company whose total assets are reported to be about $4,200,000.

Doubling other investment trust groups will offer shares to meet the popular demand for diversified investment in Canada. This movement should be beneficial in many ways. First, the American investor benefits because he no longer need play a lone hand in selection; he may extend the diversification of his investments by country, and he may obtain some protection against increased tax burdens and the results of social changes at home. Second, Canadian industry will benefit as companies will seek to manage their operations and set up their financing plans so that their securities would qualify for institutional investment by these funds. Third, it should be pleasing to regulatory bodies and State Commissions that an opportunity has been created for the small investor to participate in the growth of Canada under conservative and skilled guidance. In other words, this new development of mutual fund investing in Canada should be pleasing to all hands.

**EDITOR’S NOTE:** Since receipt of the above article a third Canadian fund has been registered with the SEC and will be offered to the public shortly. This fund, General Canada Fund, will be closed-end in its initial form and will be underwritten by Rache & Co. and Palais, Webber, Jackson & Curtis. After the original offering, the fund will be open-ended and Yance, Sanders & Co. of Boston will be the General Distributor.

Continued from page 11

**Nature and Size of Canadian Industries**

as wallboard and fibreboard, electric cable insulating paper, paper containers, and photographic and sanitary papers.

Because of the strong and continuing world-wide demand, particularly for wood pulp and newsprint, in the postwar period, the industry has grown very rapidly in the five years since the end of World War II. Employment provided by the industry almost doubled. Output increased more than four times in value terms since 1939 and was about double in volume terms. These increases have been achieved by various means in the different segments of the industry. In the pulp and paper fields a number of new
plants have come into operation and others have been expanded. In particular, ten new pulp mills were built. From 1946 to 1950 some 14 new medium-sized and large firms have come into operation, providing jobs for approximately 1,700 people. In the newspaper field most of the expansion of output has come from modernization of plant and equipment. Speeding up of machines and more efficient operations resulting from plant improvements added 600,000 tons, or 12%, to the annual productive capacity of Canadian newsprint mills. As a result, output in 1950 reached 5.3 million tons. The continuing growth in demand for pulp and paper products has led to further expansion of plant capacity. Four new pulp mills and several paper converting plants were under construction in 1950.

Iron and Steel and Products Industry

There are four basic iron and steel producers in Canada who together account for over 80% of steel ingot output. These companies and individually or together to a large extent in that their operations include most processing and fabrication. From a war-era expansion along with a dozen smaller steel companies, 17 iron and steel mills in Canada established in Nova Scotia. The Canadian iron and steel industry has an annual capacity of 2.6 million tons of crude steel, about 1.3 million tons of steel and over half a million tons of special alloy steels, producing about 150 billion dollars in transportation equipment, which is dealt with largely as operating in some 2,400 establishments in various parts of the country, with the main concentration in Ontario and Quebec. Primary iron and steel produc-
er and steel products manufac-
turers together turned out a gross value of output of $1.5 billion in 1949 and 1950. These producers for some 161,000 people. The in-
dustry contributed 14% to the total net value of manufacturing production. Close to three thir ds of the firms in the field operate as incorporated companies and do over 50% of the business. The remaining companies, doing less than 5% of the industry’s business, are enterprises owned by individuals or as partnerships. The Canadian iron and steel industry supplies about two thirds of total domestic requirements. Imports of steel commodities are important in such items as large structural steel sections, certain sizes of sheet (material for steel plate), Beam steel, ship and plate, heavy gauge hot- and cold-rolled strip, and wire for wire rope. Imports are also significant in the machinery and equipment field. They include such items as farm machinery, mining and metallurgical machinery, textile machinery, and components for the manufacture and assembly of a wide variety of other steel products. While significant, are much less important than imports, and were running at a deficit in 1950. In the iron and steel industry has been growing rapidly and is in the midst of a major expansion. This growth is provided by the industry in 1950 comprised 14% of the total output of machinery in 1950.

Exports

The iron and steel industry has been growing rapidly and is in the midst of a major expansion. This growth is provided by the industry in 1950 comprised 14% of the total output of machinery in 1950.

Transportation Equipment Industry

The transportation equipment industry employs over 100,000 people in production, about 600 plants and yards, and produces equipment valued at over $1.2 billion. In terms of net value added, its contribution to total manufacturing net value in 1950. The industry has a very high peacetime capacity of about 200,000, but has expanded and used large numbers of businesses. The shipbuilding industry is equipped with considerable capital outlay from government and private interests. In addition, a number of domestic requirements, the rest being imported, mainly from the United States. Foreign markets account for about 17% of Canadian production.

The iron and steel industry is growing rapidly and is in the midst of a major expansion. This growth is provided by the industry in 1950 comprised 14% of the total output of machinery in 1950.

Non-Ferrous Metals and Products Industry

The non-ferrous metals and products industry employs over 100,000 people in production, about 600 plants and yards, and produces equipment valued at over $1.2 billion. In terms of net value added, its contribution to total manufacturing net value in 1950. The industry has a very high peacetime capacity of about 200,000, but has expanded and used large numbers of businesses. The shipbuilding industry is equipped with considerable capital outlay from government and private interests. In addition, a number of domestic requirements, the rest being imported, mainly from the United States. Foreign markets account for about 17% of Canadian production.

The iron and steel industry is growing rapidly and is in the midst of a major expansion. This growth is provided by the industry in 1950 comprised 14% of the total output of machinery in 1950.

Non-Metallic Minerals and Products Industry

In 1950 there were more than 1,300 firms producing non-metallic minerals, petroleum and coal products. The industry produced a total of close to $400 million worth of products that year, employing some 45,000 people. It produced 5% of the net value of all manufacturing production in the same year. About one third of the firms in the field were incorporated companies producing 80% of the industry’s business. Canadian producers met over three-quarters of domestic requirements, the rest being imported chiefly from the United States. Export output accounted for about 8% of production.

The industry has grown substantially since the end of the last decade. Some of this growth has been associated with the shift in oil and natural gas and other non-metallic minerals, petroleum and coal products. The industry produced a total of close to $400 million worth of products that year, employing some 45,000 people. It produced 5% of the net value of all manufacturing production in the same year. About one third of the firms in the field were incorporated companies producing 80% of the industry’s business. Canadian producers met over three-quarters of domestic requirements, the rest being imported chiefly from the United States. Export output accounted for about 8% of production.

The iron and steel industry is growing rapidly and is in the midst of a major expansion. This growth is provided by the industry in 1950 comprised 14% of the total output of machinery in 1950.

Non-Metallic Minerals and Products Industry

In 1950 there were more than 1,300 firms producing non-metallic minerals, petroleum and coal products. The industry produced a total of close to $400 million worth of products that year, employing some 45,000 people. It produced 5% of the net value of all manufacturing production in the same year. About one third of the firms in the field were incorporated companies producing 80% of the industry’s business. Canadian producers met over three-quarters of domestic requirements, the rest being imported chiefly from the United States. Export output accounted for about 8% of production.

The industry has grown substantially since the end of the last decade. Some of this growth has been associated with the shift in oil and natural gas and other non-metallic minerals, petroleum and coal products. The industry produced a total of close to $400 million worth of products that year, employing some 45,000 people. It produced 5% of the net value of all manufacturing production in the same year. About one third of the firms in the field were incorporated companies producing 80% of the industry’s business. Canadian producers met over three-quarters of domestic requirements, the rest being imported chiefly from the United States. Export output accounted for about 8% of production.

The iron and steel industry is growing rapidly and is in the midst of a major expansion. This growth is provided by the industry in 1950 comprised 14% of the total output of machinery in 1950.

Non-Metallic Minerals and Products Industry

In 1950 there were more than 1,300 firms producing non-metallic minerals, petroleum and coal products. The industry produced a total of close to $400 million worth of products that year, employing some 45,000 people. It produced 5% of the net value of all manufacturing production in the same year. About one third of the firms in the field were incorporated companies producing 80% of the industry’s business. Canadian producers met over three-quarters of domestic requirements, the rest being imported chiefly from the United States. Export output accounted for about 8% of production.

The industry has grown substantially since the end of the last decade. Some of this growth has been associated with the shift in oil and natural gas and other non-metallic minerals, petroleum and coal products. The industry produced a total of close to $400 million worth of products that year, employing some 45,000 people. It produced 5% of the net value of all manufacturing production in the same year. About one third of the firms in the field were incorporated companies producing 80% of the industry’s business. Canadian producers met over three-quarters of domestic requirements, the rest being imported chiefly from the United States. Export output accounted for about 8% of production.

Look to the North

... for Investment Opportunities

Underwriters/Distributors

Our Canada-wide Underwriting, Trading and Investment Services are at your disposal.

Nesbitt, Thomson

And Company, Limited

355 St. James Street West, Montreal

Branches in the Principal Cities of Canada
May we invite you to visit this new office and inspect its services and facilities?

We should like to know you. We should like to know in—is our personnel and policies.

We are in the investment business—business of helping people invest their extra money as wisely as possible. Whether its objective is safety of income or liberal dividends or capital appreciation.

That help is available to anyone who asks for it. It doesn't matter whether you already own securities or whether you don't. Our service depends on your needs—not on your pocketbook or the size of your portfolio.

What kind of help can we give you? Well let's be specific.

We are not in the business of providing market tips, inside information, or "sure things."

This firm's motto has always been "Investigate—Then Invest." But we do believe it's our duty to help investors to do their investigating. The men in our Toronto Office are equipped to provide this help because back of them in our headquarters office stands a Research Department, 100 strong.

They can always call on that Department to provide the available facts on particular securities, to review and analyze the securities in any portfolio, or to prepare a suitable investment program for any sum, any objective.

There is no charge for this help.

A matter of fact, there are no service charges of any kind at Merrill Lynch. For instance, without charge we will also keep your securities for you, collect your dividends or bond interest, credit them to your account, and render detailed monthly statements showing exactly what securities and cash are in that account.

All you pay is the commission we earn on the orders we execute for you. And we charge only the minimum commissions permitted by the Toronto Stock Exchange, the New York Stock Exchange, or any of the other principal exchanges of which we are members. It is also our policy to handle the purchase or sale of "over-thecounter" securities on a comparable cost basis.

No account is too small at Merrill Lynch, and none is too large.

For the man with extra money, money over and above that which he must set aside for insurance and savings, we believe in investing. We believe it can be done for you, good for business, good for our system of living.

In our relations with that investor, we are determined that financial and ethical obligations are imposed on us. These we stand ready to assume. The customer's interest must come first.

Charles E. Merrill
Directing Partner

Winfred H. Scott
Managing Partner