INVESTMENT DEALERS' ASSOCIATION
OF CANADA

OFFICERS 1953 - 1954

<table>
<thead>
<tr>
<th>PRESIDENT</th>
<th>VICE-PRESIDENT</th>
<th>VICE-PRESIDENT</th>
<th>VICE-PRESIDENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germain Gingras</td>
<td>H. H. Dingle</td>
<td>H. R. Farnsworth</td>
<td>N. Ross Calder</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>VICE-PRESIDENT</th>
<th>VICE-PRESIDENT</th>
<th>VICE-PRESIDENT</th>
<th>SECRETARY, TREASURER</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>HONORARY PRESIDENT</th>
<th>HONORARY VICE-PRESIDENT</th>
<th>HONORARY TREASURER</th>
<th>DIRECTOR OF EDUCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peter Kilburn</td>
<td>Wilfrid J. Berrie</td>
<td>H. D. Yeung</td>
<td>H. L. Gassard</td>
</tr>
</tbody>
</table>
The Canadian Picture Is Still Bright

By H. S. BACKUS

Retiring President, Investment Dealers Association of Canada

The commercial and financial chronicle

During the past twelve months, the Canadian economy has been more buoyant than at any time since the war ended. Likewise, those dependent on fixed incomes have found their dollars have gained some measure of the authority surrendered during recent years.

Major contributing factors to this happy state of affairs were a record volume of government expenditures by business, industry and government, record grain crops, a highly favorable trade position and a steady flow of capital into the country. The interplay of these factors has made our economic dynamic and done so resulting in an impressive rise in productivity, and has brought prosperity to practically all sectors of the country. Significantly, this was all accomplished without giving rise to any inflationary pressures.

With the minor variations, the forces which operated to make 1952 a record year still persist. While recent events on the international scene may obscure and cloud the outlook for the present at least, our economy is still in high gear and its sheer momentum should enable this year's trade and commerce statistics quite satisfactory.

As the result of the outstanding situations during recent months was climate in which the Canadian dollar rose to a premium of approximately 4% with relation to the U. S. dollar. This was due in large measure to an excluding improvement of the wholesale price index, accompanied by a substantial import of capital for industrial purposes during the year. At the close of the calendar year, the Canadian dollar rose to a premium of approximately 3%, but since that time, has lost the major part of its recent gain.

As far as the overall trade position of the country is concerned, the approach to parity, from an economic viewpoint, is basically constructive. This overall gain in the value of the Canadian dollar from October 1, 1950, when it was free to, to October, 1952, was 14% in relation to the U. S. dollar. This is probable to reflect that Canada, from a world viewpoint, is a country of comparatively great opportunity, stable government and sound financial policies.

For the year 1952, the Gross National Product rose to almost $23 billion which was 7% higher in dollar terms and 6% higher in terms of volume, than in 1951. It has been estimated by the Minister of Finance, that for the calendar year 1953, the Gross National Product could approximate $24 billion provided the rate of industrial and general economic expansion in evidence during the year past. That markets are becoming more competitive, and that production and distribution methods must offset rising costs if industry is to prosper. Trade is international, and Canada has a vital interest in the market. Today we export nearly one-fourth of our total production and the balance of these exports going to the United States market.

To price ourselves out of some world markets as has been threatened in some instances can only react to our disadvantage. Subsidies at home, while they maintain artificial price levels and lend a degree of artificiality to the overall level of the dollar, do them a disservice. The expense of the great body of tax payers. Perhaps the law of "supply and demand" which seems to work is a bit to the trend in that direction on the part of the new Administration which recently took office in the United States.

It is regrettable that in this world of unreality in which we have been living since the end of World War II, so little progress has been made as development of international trade on a broad scale and convertibility of currencies are concerned. These two factors are of vital importance not only to all the trading Nations of the world, but particularly to our own country which with a relatively small population has become the leading producer of trade.

During 1953, Canada's foreign trade reached substantial gains in terms of volume, value and broader markets. An overall trade surplus of $217 million was recorded in that year as compared with a deficit of $123 million in the year previous. During this period, our exports to the United States showed little change, but our exports to all other countries, particularly to the United States, doubled since 1952. Capital expenditures have increased by about $100 million and to all other overseas countries by about $250 million. Export prices were well maintained while import prices were lower, with the result that terms of trade (the ratio of export to import prices) were 13% above the 1951 level. Early trade figures for 1953 appeared to be less satisfactory. For the first quarter our merchandise balance of trade showed a deficit of $88 million. The shipping strike on the West Coast and subsequent curtailment in shipments of grain and other products probably had a factor in reduction of exports. Imports were up 9% for the same period, while exports were down a like percentage.

Total Invested in 1953 over $1 Billion

For the past several years Canadian companies have invested the percentage of their Gross National Product invested in public and private capital projects. Backus, in 1952, these investments totaled over $2 billion, and it seems probable to exceed to that figure this year. Significant features of the 1952 capital expenditure programs are the larger outlays for industries contributing directly to the defense effort and those engaged in developing the natural resources of the country.

It has been estimated that capital expenditures for this year will exceed by nearly $300 million those of the last year, which combined with approximately $2 billion planned for repairs and maintenance produces the impressive total of planned expenditures of over $3 billion. Provided there is no change in this program, satisfactory business conditions should continue.

It is interesting to observe that proposed 1954 expenditures may indicate some significant changes in distribution among the various industries. In manufacturing declines are indicated in pulp and paper, primary iron and steel and industrial chemicals, as their expansion programs are, for the present nearing completion. These declines will probably be offset by continued expansion in transportation equipment, non-ferrous metals, machinery, and petroleum refining industries. In the utilities field, high rate. features is expected for long term expansion projects of telephone companies and railways, while other utilities, including electric power, showed approximately a 10% increase over their 1952 level. Capital expenditures in mining have increased in all crude petroleum, base metals and extension of housing facilities are expected to show an increase. The ending of deferred depreciation allowances and reduction of export credits probably will be a factor in volume of building construction and similar projects.

Since the activity of the investment market has to a large extent been determined largely by the rate of capital spending, the high level of capital investment in 1953, as we have expected, resulted, in a heavy volume of public and private financing. Our industry was fully engaged in providing the capital funds required. New issue bond sales in 1952, excluding short term government financing, amounted to almost $2 billion, an increase of approximately 22% over 1951. Issuance of the bond financing for 1953 show here totals for the corresponding period than for 1952. Excluding all Government of Canada financing, those bond totals for 1952 amounted to $149,499,036 compared to $148,499,036 compared to

Continued on page 26

Our newly opened office at
70 Pine Street, New York, N. Y.

is ready to service dealers interested
in Canadian Securities

WATT & WATT

Integrated

Private wires to leading Canadian markets
Telephone: WHIttleby 4-3262

CANADIAN STOCK SPECIALISTS

Orders Executed on all Canadian Exchanges at Regular Commission Rates or Traded in New York in United States Funds

CHARLES KING & Co.

Members
American Stock Exchange
Montreal Stock Exchange
Toronto Stock Exchange
Canadian Stock Exchange

61 BROADWAY • NEW YORK 6, N. Y.
Teletype NY 1-142
Telephone WHIttleby 4974

Montreal, Quebec
Aldred Building
Telephone Harbour 7118

Toronto, Ontario
Royal Bank Building
Telephone EEmare 4-6077

Direct Private Wires Connect New York With Offices in Toronto and Montreal

WATT & WATT

INC

ANNUAL REPORT 1953

Our newly opened office at
70 Pine Street, New York, N. Y.

is ready to service dealers interested
in Canadian Securities
Building for Canada's Oil

By S. M. Blair

Vice-President of Canadian Bechtel Limited and Vice-President of Trans Mountain Oil Pipe Line Company

The greatest building program in the Canadian oil industry has taken place during the past four years. In that time half a billion dollars has been put into the construction of a limited number of oil developments. Canada during these years has moved from the position of a minor producer to be one of the top six potential oil producing areas in the world. A Trans-Continental oil pipe line system and a grid of up-to-date refineries from coast-to-coast has been acquired.

It is hoped with this paper this morning, and a film this evening, to further describe a few of the important phases of that development.

The Projects

The building for Canada's oil and gas industry has production, manufacturing, transport and marketing. Both are an important phase of the development of the oil producing industry. It has become expedient in the number of cases to carry out their developments with the aid of outside and specialized financial engineering and construction help. It is in these two sections particularly that the present review is directed.

The Builders

To attain satisfactory progress in the development a strong building team was essential. In Canada:

up of the members, finance, labor, try is attracting an appreciable supply and construction. As we here see all members of the team, it is desirable to review some of the rules and factors that are controlling our operations.

The members who arrange for engineering supplies have made a program that is now only a limited amount of equipment that cannot be provided in Canada for refining and chemical plants. The shortages are practicably all limited to large diameter pipe, certain furnace tubing, alloy pipe and plating, and large compressors and explosion proof motors. In regard to supplies for constructing pipe line systems the plate for storage tanks is now made, the fittings are becoming available and the pipe up to 16 inches in diameter is produced in Canada, but the large diameter pipe must still be imported.

The labor employed by the oil industry is small in comparison with that generally required in other, either on the basis of the comparative capital investments, or on the value of the output. There are only about 25,000 persons engaged on the regular oil operations. There was a serious shortage of manpower particularly in the case of experienced engineers, and craftsmen when the big expansion of the industry started, but that position is improving and of the 7,000 engineers at present training in Canada, the oil industry demands part that member has the team must be fully recognized.

The Industry

Before reviewing any of Canada's complete oil projects it is desirable, however, to look at the whole picture created by the country's oil development. The industry can best be understood when it is considered as a living and rapidly growing organism. The artist cannot portray it in still life, nor can the engineer describe it with fixed statistics or diagrams. Its frontiers are constantly changing and moving out to deal with vastly increasing demands, entirely new materials, and changes and improvements in the regular products.

The expansion may be quickly seen by knowing that the refineries in Canada have grown at such a rate that for each day, summer and winter, since 1949, there has been an increased demand for 100 barrels of oil over that of the previous day. Further, for each day, summer and winter, since 1950, when the first trunk pipe lines were started there have been an average of 100 miles of new pipe line built in Canada.

Without even considering any export markets there are few parts of the world where this industry is more essential than it is in our land. Here, we traverse great distances and the exceptionally big mineral country is covered with the unusually high fuel consumption per car in this country, estimated at 1,300 miles per gallon, while the recoverable oil today, barely another 18 months later, is believed to be well over two billion barrels. That sort of pyramidal growth has gone on in other aspects of the industry. In 1949 it was mentioned that the Canadian oil consumption in 1938 had been in the order of 12,000 barrels per day, but that it had increased to the order of 170,000 barrels per day and in 1948 it was

Continued on page 17

MATHES & COMPANY

Established 1909

Members:

Toronto Stock Exchange

The Investment Dealers' Association of Canada

220 Bay St.

Toronto, Ont.

Empire 4-5191

Direct Wires to Montreal, New York, Chicago, Los Angeles and 12 principal cities in the United States.
Canada's Pulp and Paper Industry

By R. M. Fowler.*

President, Canadian Pulp & Paper Association
President, Newsprint Association of Canada

The Export Market
In other branches of the indus-
trial world Canadian companies—mainly in the export mar-
ket for pulp, and in the relatively
small volume of newsprint and fine papers that are exported.
In the first quarter of 1934 the
operations of the industry, other than the newsprint section,
were down about 10% compared to
last year. Given continuation of
current levels of economic activ-
ity in Canada and the United
States, which most economists
seem to expect, it is reasonable
to hope that pulp and paper will
be carried along at a high level
of demand, but once again it is
unlikely to be up to the level of
our expanded capacity.

One of the strengths that has
appeared in recent years is the
diversification that has come with the ex-
pansion of production. Newsprint capacity and produc-
tion have both grown materially
but newsprint has not grown as
fast as other pulp and paper prod-
ucts. Before the war newsprint
took over 70% of total Canadian
capacity; 10% now. 1934 is expected
to increase this to 19% of total
capacity.

In the competitive world of
modern industrial trade, the
Canadian pulp company will
find itself up against the con-
stantly expanding facilities of
foreign competitors. We have
never been a protected indus-
try, but analytical comparisons of
costs and efficiency show that
Canadian newsprint is about 40% cheaper to produce than
similar products in the United
States. Our location is an ad-
vantage for us. We have
natural forests and near-by
water power.

With increased competition,
we have more opportunities
to try different methods of
marketing. The industry has
been developing for a long time
a weatherproof paper that
will stand up against
wear and tear in the toughest
conditions. We have
now perfected a paper that
will withstand the extremes
of weather and yet be
familiar to all of us.

In Canada we have a
strong position in the world
market for newsprint. In
the United States we are
now making inroads into
the southern markets. We
are developing new markets
in Europe and the Far
East. We are working hard
to maintain and expand
our position in the world
market.

A. E. B. H.

*Address by Mr. Fowler before the Annual Meeting of the Investment De-
delers' Association of Canada, Regina Inn, Oct., June 12, 1933.
Electricity: Key to Ontario’s Growth

In the past decade, Canada has expanded her manufacturing industries as fast as any other area in the world. The country’s natural resources, skilled labor, force and export markets are attracting new industries and encouraging expansion of existing plants.

Provincial officials, looking to the future, are preparing to meet the power demands of these new industries. The province is in the forefront of Canada’s industrial expansion. Much of the overall progress has been achieved by Ontario’s Banner Province. The province’s manufacturing industries in 1951 paid out in wages and salaries about one-half the total of manufacturing industries in all of Canada, and, since 1947,Ontario manufacturing industries have invested in plants and equipment about half the total similarly invested across the Dominion.

Ontario’s Industrial Expansion

There is great interest in Ontario as a whole as a site for new industries. This is indicated by the fact that in 1951, 92 new manufacturing industries were established, counting only those employing initially at least 10 persons and occupying a minimum of 5,000 square feet of floor space. These manufacturing firms reported a total investment in plants and equipment of over $800 million and a total occupied manufacturing space of more than 1,700,000 square feet. Further evidence of Ontario’s industrial growth comes to hand frequently as announcements are made of new industries locating in Ontario and existing firms increasing their facilities.

With each succeeding year industrial producers move more goods in a shorter time and at lower cost. In the last ten years the average working week in Ontario has been reduced from 47 to 41 hours but the average wage has risen from $24 to $34.

By Dr. R. L. Hearns

One of the major contributing factors to the steady growth of the Province is the adequate supply of low-cost electricity, and Hydro is doing its utmost to ensure that essential supply of low-cost electricity continues. In 1952, Ontario Hydro’s contribution to the primary energy consumed in Ontario reached 84.6% and this was 52.1% of Canada’s primary consumption. Formation of Ontario Hydro in 1906 was brought about largely through the efforts of business men and industrialists. These men, headed by Adam Beck, a prominent manufacturer, realized that the consolidation and expansion of industry in Ontario were dependent upon a cheap source of power which would be available to all classes of customers throughout the province.

The first movement was in October, 1910, when the Niagara Hydro power, purchased from Niagara, was delivered to the municipality. During its 47-year history Ontario Hydro has met the challenge of supplying vital electrical services in two world wars, suffered the rigours of the early 30’s and, since 1945, has experienced a tremendous upsurge in power demands.

More Power to Meet Rising Demands

To meet the almost insatiable demands for more and more power to supply the homes, the farms and the industries of the Province, Ontario Hydro embarked upon the greatest expansion program in its history on August 25, 1945 just eight days after the fall of Japan. To date, 13 new power sources have been brought into service and the 14th, the huge Sir Adam Beck-Niagara G. S. No. 4, will be brought into service next year.

Because of the extreme urgency of bringing new plants into service, it was decided to proceed immediately with the addition to the DeCew Falls Generating Station in the Niagara District near St. Catharines, on the Stewartrville development on the Madawaska River in Eastern Ontario, and on the Agassabon development on the north shore of Lake Superior. All of these undertakings, in a time of short material and manpower supply, required a minimum amount of engineering, materials and equipment, and could be brought into service on short-term schedules.

The work of beginning of the Commission’s construction and expansion program, which has been enlarged in scope and accelerated in performance to meet the ever-increasing demands for electricity from all classes of customers. At time of peak construction more than 17,420 were employed in the building of new power sources and extending the Commission’s facilities.

This brief summary of the tremendous expansion program indicates the diversity and magnitude of the extensions and additions to the Commission’s generating facilities. Costs of all stations include generation, step-up transformation and high-voltage switching at the site.


Pine Portage G. S., Nipigon River—Construction began late in 1947. Officially opened June, 1950. Capacity 64,500 kw. (2 units installed), Units 3 and 4 authorized scheduled for service in 1954 and 1955 respectively, 4-unit capacity—126,000 kw. Total estimated cost—$24,100,000.


Continued on page 16

MCELROY, YOUNG, WEIR & COMPANY LIMITED
DEALERS IN GOVERNMENT, MUNICIPAL AND CORPORATION SECURITIES
50 King Street West Toronto, Canada Telephone: Empire 4-0161

MCELROY, YOUNG, WEIR & RATCLIFFE
MEMBERS OF THE TORONTO STOCK EXCHANGE MONTREAL STOCK EXCHANGE CANADIAN STOCK EXCHANGE

STOCK ORDERS EXECUTED ON ALL EXCHANGES
50 King Street West, Toronto, Canada—Empire 4-0161

MCELROY, YOUNG, WEIR & COMPANY LIMITED
STOCK BROKERS AND FINANCIAL AGENTS
MEMBERS: The Toronto Stock Exchange
Private wire system to New York and branches in Canada.
TORONTO—OTTAWA—WINNIPEG—MONTREAL

BURNS BROS. & DENTON LIMITED
MEMBERS: The Investment Dealers’ Association of Canada
Private wire system to New York and branches in Canada.
TORONTO—OTTAWA—WINNIPEG—MONTREAL

MCELROY, YOUNG, WEIR & COMPANY LIMITED
UNDERWRITERS AND DISTRIBUTORS
CANADIAN SECURITIES

BURNS BROS. & COMPANY LIMITED
Effective Public Relations

By G. A. LAWRENCE

Manager, Public Relations Department, Imperial Oil Ltd., Toronto, Ont.

Prominent Canadian oil executive discusses ways and means of improving public relations in industry. Finds starting point in public relations is to find out what service the industry is rendering the community, and, next, to get the public to understand that service. Urges business firms define and know "their public" and educate the right audience. Says public relations is task of whole organization, and lays down key principles in appraising public relations.

Public. You may be quite sure that the public doesn't give a hoot whether he earns a profit at it or not. You've probably heard of the businessman who went bankrupt and put a sign up on his closed door, "Opened by mistake." The thing which concerns people is how one's operation affects them, or the people they know, or the general welfare of the community.

Advertising is quite common for a person to be rendering a real service to the community and to the community to be utterly unaware of it. Consequently, the starting point in public relations, it seems to me, is to find out what that essential service is which one's industry is rendering to the community, and to try to get an understanding of that service on the part of the community. It is also just as important to appraise whether any segment of a group is undermining the position of its other members.

A different point of view is adequate appraisal of what we are and where we stand is of the utmost importance. If we don't start straight on that point, the probability is that our P. R. effort will paint a false picture of us, simply because we haven't a clear and accurate picture of ourselves.

To illustrate, the Investment Dealers' Association of Canada has provided invaluable services to the community. It has been instrumental in promoting us with Jobs, with schools, streets and public utilities. And in time of war through its tremendous Victory Loans effort it has helped to safeguard the things it helped to build in peacetime. Full employment, rising living standards and better life are all assisted through your efforts. But these are my views of your industry — the appraisal that is most important to you is the one you make yourselves.

Let's assume we have an accurate appraisal, what's the next step?

Define Your Public

Define your public. Find out to whom you want to give a better impression of yourself or your industry. As the glbl answer to "What is my public?" I answer "Everybody" — and I suppose in a way this is true. We want everybody to know about the oil industry or the investment industry or what have you. But common sense tells us that some sections of the public have to be ruled out. Some because they couldn't understand what we are talking about. Children under five, for example! Others have to be ruled out because you couldn't reach them economically. It wouldn't pay to translate some informational materials into Cree. Even if it were desirable, few organizations are likely to have the funds for the job.

The facts of life regarding those audiences which you can expect and afford to reach pretty well will force working public relations people to rely on what is known as the "Opinion Leader" theory. This theory amounts to a belief that some people in the community are more inclined to transmit their opinions than the general run. Hence, if you can bring information to the attention of these key people, and if your information and views are acceptable to them, it follows that they will communicate those views to others and so on, something like a chain letter.

Educating Right Audience

I think there is a lot of truth in this theory. Often what we think are new ideas are really something we've picked up from somebody else, something we may not have fully appreciated at the time. But the hard thing here is to pick the opinion leaders who will do the best job for you in transmitting your story. For example, the man whose opinion is respected about political questions is not necessarily the one to whom peple listen on investments.

I think I can tell you where you will find the opinion leaders of importance to you and that in certain fairly well-defined groups in the general middle class it is. In their ranks that you will find the best authorities on virtually all topics, the greatest teachers, poets, writers, politicians, thinkers. It might be as well to remember that the SEC and the other New Deal developments of the United States came after the middle classes took that stock market shuckering. The weter of specialization from which we are emerging came about, I feel convinced, because the middle classes came to regard themselves as part of the proletariat. Well, that may or may not be a good theory, but the point is that very few organizations can aim at the whole public all at once time. We have to pick our targets nationally and in our own communities. To illustrate with an analogy, when we send out a salesman he expects to make calls where he has a good expectation of getting maximum results.

Telling the Story

Item three lies in with defining the audience, because it boils down to a question of defining the message. I have referred a number of times to informational material, without saying much about the sort of material or why or when it should be sent out. This has to be clarified under the third heading of the appraisal which we wish to make — what kind of relations do we want to have with our public?

It is on this point that many a public relations campaign or program is likely to founder. For example, we may say to ourselves that we want public understanding. But of what? Of the way to calculate sinking fund and interest payments so that the principal amount of a 5% bond is repaid in 20 years? Or of the way to calculate the efficient recovery rates from the porosity and other data on an oil reservoir? It's obvious that an understanding of things like this are not the chief public relations goal. Not that it isn't very important to provide technical information for those who have an interest in it. But let's not make the common mistake of thinking that the gen-

BRAWLEY, CATHERS & COMPANY

Members Investment Dealers' Association of Canada

CANADIAN

GOVERNMENT-MUNICIPAL-CORPORATION

SECURITIES

25 KING STREET WEST - TORONTO

EMPIRE 3-5921

This is not an offer to sell these securities. They are subject to the registration and prospectus requirements of the Federal Securities Act. Information about the issuer, the securities, and the circumstances of the offering is contained in the prospectus which must be given to the buyer.

Please send me a prospectus relating to CANADA GENERAL FUND.

 Name ____________________________
 Address __________________________
 Date _____________________________
Canada
A Dynamic Neighbor

By H. G. HILTON

President, The Steel Company of Canada

Speaking before assembled steel men, Canadian steel company executive describes his country's recent progress, notably in the rapid development of the steel industry, which has expanded its capacity 110% since 1939. Says population of Canada is still too small in relation to its expanded industry and increasing natural resources. Describes new sources of steel making raw materials in formerly barren and inaccessible regions of Canadian territory.

As a result, the French-Canadian has remained a more or less separate entity in our national life. By that I don't mean that he hasn't played a great part in our history — quite the contrary. Our Prime Minister today is a distinguished French - Canadian, and we had Laurier, at Cartier, and Lafontaine before him. All those men have made a remarkable contribution to our political development, and their compatriots have added greatly to our cultural and social life.

On thinking of the French - Anglo-Saxons out of the French-Canadians, as you did in New England, and as you have done with the French in Louisiana and the Spanish in the Southwest, we have made it possible for them to keep their own traditions, and we have asked them to contribute their unique experience and gifts to the creation of a Canadian nationality, and they have done so in the fullest possible measure.

Canadian Conservation

One of the means by which we Canadians have achieved a national synthesis which has so greatly enriched our lives, and which holds such promise for the future, is by refraining from attempting to do things which are unacceptable to Quebec. By such forbearance we have all gained in tolerance, in patience and in wisdom. In other words, the people of Quebec have contributed a conservative outlook which has helped us to progress slowly but surely to a point of real significance in the world. I think it safe to say that no 1 4 million people command such respect and trust as we do today; and that if we be true, the French-Canadian deserves much credit for his part in bringing it about.

However, the virtue of conservatism also imposes upon us our economy certain difficulties, and makes it impossible for us to adopt outright most of the new ideas and new methods which you feel are essential to the good life. Some of our people get so impatient over the apparent slowness with which we follow your lead that they want to move along. But for us, the need is very great, and we are beginning a big campaign to sell Quebec.

We need every Canadian, and many more besides. So, if you want to be really neighborly, encourage as many vigorous young people as you can to spare to work in Quebec.

We can venture to suggest that you help us in this way because our interests are so closely interlocked. We are very far your best foreign customer, and we are both involved together in the defense of the North American way of life. In addition, you have now nearly nine billion dollars invested in Canada — about one quarter of your total foreign investment. Thus you have a two-fold interest in us; and we cherish you, not only because of your adherence to personal freedom, but also because you are our best customer. No other two countries on earth have so many interlocking interests as Canada and the United States.

That does not mean, however, that we think you are without blemish. While we have always been, and will always remain under very heavy social pressure to conform to your way of life, we want to lead our lives in our own way.

For all our long history in North America, we still look with pride upon our membership in the British family of nations, and we don't like it when the fact of that connection is misunderstood or misrepresented in the United States. We are a sovereign nation with a Queen of our own who happens to live most of her time in London. While we are Her Majesty's loyal subjects in Canada, we ourselves pay for the cost of government in Canada. It is our own government which governs in the name of the Queen of Canada. That may sound like a quaint arrangement, but it suits us.

The fact that we are a constitutional monarchy, and still have some royal roots in both Britain and France, gives us a very good bridge between the United States and Europe. Our foreign policy is not self-serving, not only because we are not in economic numbers, but also because we hope to encourage rather than to develop our own natural resources.

However, we recognize our international obligations. We are doing our best to increase world trade and wellbeing. We now have an infantry brigade and four warships in Korea, an infantry brigade in Germany, and an air force wing in Britain and France.

In addition, our naval forces form a useful part of the North Atlantic defense organization.

But we pay no tribute of any kind, save that of affection and

In the Canadian West, widening of opportunity

— Not only pipeline, oil, and natural gas companies . . .
— But also industries supplying the needs of these companies, and new industries based on petroleum products, now offer a widening range of speculative and investment securities.

Nineteen offices... call the nearest one

JAMES RICHARDSON & SONS
Established 1857
EXECUTIVE OFFICES—WINNIPEG


DOMINICK & DOMINICK
34 Wall Street, New York City

Members: New York Stock Exchange, The Toronto Stock Exchange

Continued on page 19
Pointing out the 20% dividend tax credit in Canada adds to the appeal of Canadian mutual funds to Canadian investors. Mr. Chippindale cites cases in which mutual fund holders materially benefit. Says adjusting investments from interest-bearing securities to individual common stocks to obtain benefit of dividend tax credit in many cases requires substantial change in investments for conservative investors. Lists other advantageous mutual fund features.
Gigantic Strides of Canada’s Banking

By L. G. GILLET*
Retiring President, Canadian Bankers' Association
Vice-President and General Manager, Bank of Toronto, Canada

In calling attention to recent political changes in leading nations, Mr. Gillett notes progress in rebuilding monetary strength, despite the slow pace. Points to “almost unprecedented growth and expansion of Canadian economy,” and contends, of the $24 billion invested in Canada in last seven years, Canadians provided 95%. Says Canadian banking has kept pace with this progress, and competition among banks has been a driving force. Lauds banking cooperation with national and provincial governments.

never desired will remain a precious memory to all of his people who survive him.

Besides a new head of state, the United Kingdom operates now under a changed government, whose attempts to manage an overloaded economy and to increase the world's confidence in its currency must be at least a sympathetic interest of the free world.
The United States likewise has chosen a fresh Administration, under a new head of state whom the world has known only as the former liberator of Western Europe. The world watches with least attention its program of combing defense with a high living standard while maintaining the maximum of freedom for individual enterprise.

The Union of Soviet Socialist Republics, which has had no opportunity to choose a new government, now finds its former one taken over by a new and little-known chief of state. The world observes such changes closely, as must be expected to happen in such a composite and, unfortunately, some doubt as to their purpose.

Economically, as well as politically, the world seems to have entered a new place in its past two years. Two years ago, everybody wondered whether the金融 crisis and fire again from the blaze that had been raging for a year in Korea. Everyone was trying to buy everything while there might be time—Inventories ballooned, commodity prices soared and there was speculation on all sides on the possibility of another great spurt of inflation. Since then, the universal seller's market has turned into something more like a general buyer's market, and therefore much more normal.

Noteworthy Financial Progress in Last Two Years Finanically, the past two years have been noteworthy for progress made in rebuilding monetary strength. Britain's foreign accounts are in better balance; the Canadian dollar remains strong. Practically the only exception among leading nations is France, with a budget far out of balance, few signs of trade improvement, and a steady treasury drain arising from military cost in the Far East.

All this indicates that anti-inflation policies in different parts of the world generally have paid off. There certainly is less inflationary threat to world currencies today than two years ago, but their long-range salvation can only come with increased trade and freedom from ever-growing barriers. Progress along this line in the past two years has been steady, but exceedingly slow. It must be expedited if the western world is to make continued progress, if the bounties of nature and enterprise are to be shared and distributed as they should. Short-sighted trade policies, a determination to preserve exclusive markets, can rip the world apart just as surely as war or pestilence.

A major economic change of the past two years is the appearance of Germany, and to a lesser extent Japan, as customers and trade competitors to be reckoned with. Germany, in particular, appears to have a government willing to face facts and to adjust accordingly. It seems determined to give its citizens both a maximum of civil liberty and a maximum of encouragement to enterprise. By sharing, as it now does, in the duties and worries of management, German labor finds that the way to solve economic problems is to produce.

Within the smaller horizon of the Canadian banking system itself, these two years have also been eventful.
The Canadian economy has been in the midst of almost unprecedented growth and expansion. There is evidence of this on every side, not only in the spectacular opening up of new primary sources of wealth, but in the development and growth of secondary industries in all parts of the country.

High Level of Capital Investment It is not so long ago that Canada had fundamentally an agricultural and mining economy. Agriculture is still the basic segment of our national wealth, but a great deal has come over our economy and we are emerging as one of the great industrial nations. It sometimes is not realized that for five consecutive years Canada has devoted to capital investment more than a fifth of its gross national product. A rate few nations could duplicate.

A high level of capital investment is essential to a growing, developing nation like Canada. It provides new employment which, in turn, means more efficient production; it means new factories and natural resources tapped which, in turn, mean better employment prospects in the future.

The flow of capital investment has opened up vast natural resources, and developed whole new industries, both primary and secondary. It has harnessed our water resources to provide more than one horsepower for every Canadian, by far the world's greatest and cheapest supply of energy. Yet even this represents less than one-quarter of what may one day be made available to enterprise. Out of $24 billion forecast for our 1953 gross national product, capital expenditure is expected to account for nearly $5.1 billion. If this expectation is realized, this will be the eighth consecutive year of increasing capital investment, in actual volume as well as in relative terms, by more than $24 billion which has already been invested in Canada in the seven postwar years. Canadians themselves have provided all but 5%.

Canadian Banking Has Taken a Step Backward I mention these facts only as a background to emphasize: in the midst of all this well-founded, balanced and sometimes spectacular economic expansion, and a part of it, stands Canadian banking.

Canada has taken gigantic economic strides in recent years but at no time has banking system failed to keep pace. We pride ourselves that our banking system is one of the most flexible in the world. If stronger, more stable, it serves more customers, and provides a wider range of services, than ever before.

Our chartered banks now operate 3,859 branch offices across the nation, 700 of them opened in the past 10 years. During the time the great economic expansion has been proceeding, involving vast shifts and increases in population, the opening up of new primary sources of wealth, and the development and growth of new industries and the expansion of others. During the same period 3,750,000 bank accounts were opened, an average of 9,000 a day.

Continued on page 31

*Address by Mr. Gillett at the Annual Meeting of the Canadian Bankers' Association, Montreal, June 13, 1953.

Canadian Securities
1889 — 1953

Our organization has actively engaged since its foundation in underwriting and distributing Canadian Government, Provincial, Municipal and Corporate Securities. It is also equipped to execute orders on Canadian Stock Exchanges

Your Inquiries Are Invited

A. E. Ames & Co.
Incorporated

New York
TORONTO
CALGARY

Canadian Affiliates in
MONTREAL
VANCOUVER

and other Canadian Cities:
LONDON, ENGLAND

Boston
WINNIPEG
VICTORIA

C. C. FIELDS & CO.
200 BAY STREET
TORONTO
CANADA

MEMBERS: THE TORONTO STOCK EXCHANGE
BANKERS: THE BANK OF NOVA SCOTIA, TORONTO

For United States Holders of Canadian Mining and Oil Securities.

We would be glad to comment on your Canadian Holdings.

For United States Holders of Canadian Mining and Oil Securities.

We would be glad to comment on your Canadian Holdings.

For United States Holders of Canadian Mining and Oil Securities.

We would be glad to comment on your Canadian Holdings.

For United States Holders of Canadian Mining and Oil Securities.

We would be glad to comment on your Canadian Holdings.

For United States Holders of Canadian Mining and Oil Securities.

We would be glad to comment on your Canadian Holdings.

For United States Holders of Canadian Mining and Oil Securities.

We would be glad to comment on your Canadian Holdings.

For United States Holders of Canadian Mining and Oil Securities.

We would be glad to comment on your Canadian Holdings.
Free Markets Mean Economic Advance

By HON. DOUGLAS C. ABBOTT
Minister of Finance, Canada

Warning economic stability may mean stagnation and inefficiency, Mr. Abbott points out as a dynamic economy expands it requires adjustments, "which are likely to be unpleasant for a time." Lauds effective marketing as an essential process of economic change, whereby an expanding economy is enabled to move forward efficiently. Condemns building a "ring-fence" around the economy, through tariffs and subsidies, and asserts "free price system is only way an economy can rapidly adjust to change." Cites Canada's postwar mutual tariff concessions, and expresses concern regarding potential increases in United States tariffs.

Hon. D. C. Abbott brought to the attention of the consumer who knows the product and has the money to buy, then the product might as well have not been made at all. It should be emphasized that in our modern economies, more and more attention must be paid to marketing. This is the necessary corollary of the plain fact that the economies of North America, indeed, the economies of the whole western world, are growing increasingly complicated.

My argument can be stated this way. There are two views that one can take toward economic affairs. One is the view that stability is everything: that a static, inefficient economy, as long as it is stable, is better than a dynamic economy which changes techniques, casts aside old products, and constantly searches to expand and advance. The other view is that the advancing, expanding economy is the only economy that offers adequate rewards. As the dynamic economy expands, both individuals and firms must constantly make adjustments. These adjustments, like most changes, are likely to be unpleasant at the time.

Marketing in Process of Economic Changes

Now, if you believe that economic stability is everything—then you give no place to marketing. Marketing as a specialized technique is part of the process of economic change. The more effectively the marketing function is performed, the more easily will individuals and firms be able to adjust to new market conditions. Thus, if you accept my view, marketing is the necessary technique by which a dynamic and expanding economy is enabled to move forward efficiently and with the minimum of inconveniences to the individuals and firms in that economy.

I would like to turn now from this general line of argument to consider the function of government in relation to marketing and the dynamic modern economy. For a number of years I have had to consider government policy from the point of view of its impact on a dynamic economy. I hope that you members of the American Marketing Association, concerned, as you are, with the problems of particular firms and industries within our North American economies, will find my views of some interest. Just as there are two general lines of thought about the kind of economy that is desirable—the one emphasizing stability at all costs; and the other emphasizing expansion and advance—so there are two broad policies toward economic affairs which may be adopted by government. The one emphasizes protecting, subsidizing, controlling and codifying economic activity within national boundaries. It is the policy of building a ring-fence around the economy. The instruments of this policy are the subsidy, the exclusive tariff, the hidden subvention, and the import and export quota.

Since the end of World War II, this line of policy has been viewed with less and less favor by many governments of the western world. They have looked with more interest to the alternative line of policy. They have realized more clearly the value of maintaining a relatively free system of prices and markets.

A Free Frie System Can Adjust to Changes

But is it one thing for government to realize that the free price system is the only way in which an economy can rapidly adjust to changing needs and changing possibilities? It is another thing altogether for governments to be able to carry this view forward into policy. It is true that over a good portion of the western world governments have turned away from the emphasis on stability and toward a greater emphasis on maintaining the flexibility of the national economy. But it is also true that over a considerable portion of the western world there are major roadblocks to the free marketing of goods. At the international level, these roadblocks are quantitative import controls, high protective tariffs and administrative devices that effectively prevent exports from crossing international borders.

When we find these restrictive devices being employed as main instruments of commercial policy. I think we are justifiably in saying that the regime applying them is one of excessive economic nationalism. The world's experience for several hundred years has been that nationalism, when carried to excessive lengths, is likely to be a very expensive luxury, whether it is political or economic nationalism. But nonetheless it is quite clear, from the present condition of the western economies, that many people in many countries are prepared to pay the price of economic nationalism rather than pay the price of adjustment to a regime of free markets.

It is one of the melancholy Continued on page 12

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

The FIRST BOSTON CORPORATION
New York   Boston   Pittsburgh   Chicago
Philadelphia   Cleveland   San Francisco
Canadian Investments

Established in 1905, our organization is engaged in the underwriting and distribution of Canadian government, municipal and corporate 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, Montreal, Winnipeg, Calgary, Vancouver and Victoria.

Wood, Gundy & Co., Inc.
14 Wall Street, New York 5
105 West Adams Street, Chicago 3

Affiliated with
Wood, Gundy & Company Limited
Head Office — 36 King Street West
Toronto, Ontario

Branch Offices in

Upholds Free Market System
You will no doubt recognize from the tone of my remarks that I do not place any particular emphasis on the importance of the doctrine of a partially or totally free market system, a system in which there are few, if any, controls on the operations of the economy as a whole. It seems to me that, here in Canada, we have a national economic policy that is based on the belief that the economy should be as free and as unrestricted as possible. This policy is one that I strongly support, and I believe that it is the right policy for our country.

We have made a decision to support this policy, and we are committed to it. We will not be swayed by pressures from anyone, and we will not be afraid to stand up for our beliefs.

We believe that the best way to achieve our goals is through free markets and free enterprise, and we will continue to work towards this end.

We believe that the best way to achieve our goals is through free markets and free enterprise, and we will continue to work towards this end.

We believe that the best way to achieve our goals is through free markets and free enterprise, and we will continue to work towards this end.

We believe that the best way to achieve our goals is through free markets and free enterprise, and we will continue to work towards this end.
In Attendance at I. D. A. C. Convention

Following is a list of those attending the Thirty-Seventh Annual Meeting of the Investment Dealers' Association of Canada, Bighorn Inn., Lake-of-Bays, Ontario, June 8-11, 1953:

ACKERMAN, A. H.* McConnell & Company, Limited

ANDERSON, G. K.* A. E. Ames & Co. Limited, Toronto

ANDERSON, A. R. Andras, Hatch & McCarthy, Toronto

ANGUS, E. R.* Angus & Company, Toronto

ARMSTRONG, C.* Gairdner & Company Limited, Toronto

BACKUS, H. S.* McLeod, Young, Weir & Company Limited, Toronto

BACKUS, Miss Barbara

BAGNALL, E. M.* F. J. Brennan & Company Limited, Saint John

BARKER, A. J.* Thomas B. Read Company Ltd., Toronto

BARLOW, L. E.* McLeod, Young, Weir & Company Limited, Toronto

BEATTY, D. S.* Burns Bros. & Denton Limited, Toronto

BEAUBIEN, A. S.* L. G. Beaubien & Co., Limited, Montreal

BEEY, G. E.* Calvin Bullock Ltd., Montreal

BELL, L. L.* James Richardson & Sons, Toronto

BENHAM, H. A.* Bank of Canada, Ottawa

BENNETT, H. R.* James Richardson & Sons, Kingston

BENNETT, W. R.* L. M. Green & Company, Toronto

BLACKMORE, E.* Globe & Mail, Toronto

BLACKSHAW, P. A.* M. G. Wilkinson Investment Service, Owen Sound

BLAIR, S. M.* Canadian Bechtel Ltd., Toronto

BORAGE, W. J.* Pemberton Securities Limited, Vancouver

BRENNER, F.* Ontario Hydro-Electric Power Commission, Toronto

BRETTINGHAM, S. J. A.* Financial Counsel, Montreal

BRUNELLI, G.* L. G. Beaubien & Co. Limited, Montreal

BULL, R. O.* Gairdner & Company Limited, Toronto

BURGESS, J. M.* Charles H. Burgess & Company, Toronto

CALDER, N. R.* Nesbitt-Thompson and Company Limited, Winnipeg

CALDER, T. C.* Biggar & Crawford, Toronto

CASSIDY, F. C.* MacKellar Securities Limited, Toronto

CASTLELINE, V. S.* V. S. Castleline & Company Limited, Ottawa

CHADSEY, P. J.* Wood, Gundy & Company Limited, Toronto

Continued on page 21

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

Bartlett, Cayley & Company Limited

320 Bay Street

Toronto 1, Ont.

DOHERTY ROADHOUSE & CO.

MEMBERS

THE TORONTO STOCK EXCHANGE

THE INVESTMENT DEALERS' ASSOCIATION OF CANADA

THE BROKER-DEALERS' ASSOCIATION OF ONTARIO

HEAD OFFICE

255 BAY STREET, TORONTO

Phone Empire 5-7411

BRANCHES

1211 Bay Street, Toronto — Timmins

1211 Bay Street, Toronto — Timmins

Wire to G. E. Leslie & Co., Montreal

McDougall Bros. & Co., Montreal

McDougall Bros. & Co., New York City

LAIKJAW & CO.

Established 1862

25 BROAD STREET, NEW YORK 4, U. S. A.

Members New York Stock Exchange and other leading Exchanges

Over Fifty years of specialized financial service to Canadian brokers, banks and institutions

Branch Offices located at

303 Dominion Bank Bldg.

360 St. James St. West

TORONTO

TORONTO

Canada's Pulp and Paper Industry

sification of products and of markets is a healthy growth.

Pulp and Paper Companies Are Financially Strong

Financially — as all of you are well aware — Canadian pulp and paper companies are much stronger than they were before the war. Perhaps, however, you have not examined the extent of the improvement or how it came about.

I have no over-all figures for the entire industry, but have some results drawn from an examination of the published financial reports of a good-sized sample. The companies in this group all manufacture newsprint but also make pulps, paperboard, fine papers and other products and together they make up nearly 60% of the industry's capacity. These companies in 1939 had a total indebtedness in bonds and debentures of $187.2 million; by 1951 that total had become about half as great at $96.7 million. In this period these companies were growing and needed additional capital to finance that substantial growth.

Their balance sheets show, between 1939 and 1951, a total increase of $140 million for inventories and receivables and an increase of $144 million in gross value of plants and properties. Thus for this group, its growth might be measured by $284 million while in the same period its fixed debts were reduced by over $90 million.

This improvement in the financial picture was largely brought about by the ploughing back of earnings. For many years, and especially during recent years when earnings have been better, these companies have averaged more than 60% of earnings reinvested in the business.

Even in 1951 when many expansion programs had already been completed and gross earnings were at record levels, these companies ploughed back 55% of earnings. Apparently there has been a higher rate of reinvestment in this industry than in Canadian industry generally; for in 1951 the Bank of Canada report of over 650 companies shows an average reinvestment of less than 43% of earnings.

Probably the companies have followed this policy from necessity rather than because of their own virtue. After the unhappy experiences of the 30's the trade of pulp and paper was perhaps not generally regarded by you as a good investment risk. The companies would certainly have found it difficult to raise new money to finance all the expansion that has taken place. But, whatever the reasons, the result has been a good one and should add to the financial strength and repute of the Canadian pulp and paper industry.

Not only is there greater financial stability today than ever before, but I think there is more market stability than is generally believed to exist; at least for the major commodity, newsprint. We have all tended to think and talk about newsprint as a volatile commodity and perhaps this impression has been reinforced in the stock market performance of one of the leading newsprint mills. The fact is that newsprint demand is relatively stable. In the great depression of the 1930's, newsprint consumption declined, but it fell to a much smaller extent than most other commodities. In the United States, while the index of industrial activity fell 47% from 1929 to 1932, with the use of aluminum down 70% and of steel down 50%, the consumption of newsprint fell only 15%. In Canada, the index of industrial activity fell 40% from 1929 to 1933, but the consumption of newsprint fell only 10%.

In the same period, the demand for newsprint declined only 12%. This represents perhaps the best of all newsprint data, and it is a manifestation of the fact that the newsprint industry did not encounter bad trouble during the depression; the unhappy history of those days is too well known to all of you to need any description from me. But the primary cause was not a decline in the rate of consumption; it was a combination of adverse circumstances of which the main ingredient were a temporary excess of capacity and unstable market policies. Today there is no capacity in excess of proven rates of demand and it is reasonable to hope that individual companies have learned more about the right and the wrong ways to market their products.

More Emphasis on Research

Another item on the credit side of the ledger is research. In recent years it has been an increased emphasis on research both in the pulp and in the mill. The pulp and paper industry is rapidly becoming a chemical industry. As this fact has been recognized, great strides have been made in forest conservation, in the reduction of waste and in the utilization of other tree species. New manufacturing techniques have been developed and there is today much greater knowledge of the chemical and mechanical processes of pulp and paper manufacture and therefore more precise control over those processes. Many of the companies have built and expanded research laboratories of their own. And the pulp and paper industry seems to be the leader among Canadian industries in cooperative industrial research at the Pulp and Paper Research Institute of Canada. That Institute is a joint venture of the Canadian Government, McGill University and the pulp and paper industry and it has made great strides forward in the last three or four years with important results in both fundamental and applied research.

This is a very hurred picture of what has taken place in the pulp and paper industry in recent years. There has been a rapid expansion of capacity, but it has been soundly built in response to growing demand. There has been some great improvement in the financial position of the companies, through the wise ploughing-back of earnings. There has been recognition of the long-run value of research and substantial improvement in plant and equipment throughout the industry. But the days of easy progress appear to be over—at least for the time being. The industry is still operating at a high level of activity for many products. The only al-
form of government costs are only in high, and profits as to go position in industry whole production country. At the time, in rates, in of ground-rents, which are probably too high. There are markets. At the present time, there are only a handful of men in senior posts in the management and labor unions of any of the companies with experience in the problems that arise when productive capacity is greater than demand. The skills and labor have not had much practice in the arts of selling; production men have not had to worry greatly about to deal with such problems need to be polished up. It may well be that this industry is fortunate to have the chance to develop these human skills in a period of moderate readjustment. If it does so—if I believe it will—it will be better able to meet the problems not rise year after year without loss of markets. Governments too have not been forced for a long time to consider the weakening effect on an export industry of a heavy burden of taxation and regulation. And even shareholders have had little practice in weighing the comparative advantages of higher current dividends and long-term financial strength.

There is only as strong as the men that are in it. At the present time, there are only a handful of men in senior posts in the management and labor unions of any of the companies with experience in the problems that arise when productive capacity is greater than demand. The skills and labor have not had much practice in the arts of selling; production men have not had to worry greatly about to deal with such problems need to be polished up. It may well be that this industry is fortunate to have the chance to develop these human skills in a period of moderate readjustment. If it does so—if I believe it will—it will be better able to meet the problems not rise year after year without loss of markets. Governments too have not been forced for a long time to consider the weakening effect on an export industry of a heavy burden of taxation and regulation. And even shareholders have had little practice in weighing the comparative advantages of higher current dividends and long-term financial strength.

The Annual Meeting of the Investment Dealers' Assn. of Canada June 9-12, 1953 was the largest to date and an increasing number of wives participated. The 1954 convention will be held in June at the ever popular Jasper Park Lodge in Alberta. The IDAC met at Jasper in 1951 and since then the Canadian National Railway, which operates the Lodge, has built a new larger central Lodge.

**IDAC Convention In 1954 to Be Held At Jasper Park Lodge**

The Commercial and Financial Chronicle
Electricity and Ontario’s Growth

kilotwatts in 12 units. Estimated cost (12 units) — $239,000,000.

A brief review of the 1952 power supply situation will bring us into sharper focus on the benefits of the new sources of power. From December 1945 until December 1952, the peak capacity of the Commission’s resources increased by 1,415,850 kilowatts or about 75%. By 1956 the new power developments will more than double the Commission’s power resources over the 1945 figure.

At the end of 1952, Ontario Hydro owned or operated 64 hydro-electric and 8 fuel-electric generating stations serving the 1,377,249 Commission customers over 14,813 circuit miles of transmission lines.

The Commission’s Finances

Expansion of facilities to meet sharply rising demands for electricity has, unfortunately, coincided with a period of sharply rising material prices and wage rates.

The Commission’s 1952 revenue dollar was distributed as follows:

Cost of power purchased — 12.1
Operating, maintenance, and administrative expenses — 35.1
Interest — 29.8
Depreciation, other reserve provisions and appropriations — 16.8

Provision for sinking fund — 0.6

Since hydro supplies power at cost, there is, of course, no account designated “profit.”

On the income side, the municipal electric utilities and local distribution systems accounted for 31 cents of the Commission’s revenue dollar in 1952. Rural customers accounted for 20 cents, and direct industrial customers for 29 cents.

Between November 1, 1945, the year in which the expansion program began, and December 31, 1952, the Commission spent about $390 million on capital construction. The year 1953 is expected to be a peak period with expenditures totalling $186 million planned for capital construction — exclusive of any outlay on the St. Lawrence Power Project.

Expenditures on capital construction are reflected in the steadily rising value of the Commission’s fixed assets. At the end of 1952 these were valued at $1,117,866,020 — some 230% greater than they were in 1940, and 174% greater than 1945 when the current expansion program was initiated.

The benefits resulting from any power development program are long term. The financing, consequently, is long term. The provincial government guarantees interest and principal payments on all bonds issued by Ontario Hydro that are held by the public, and the Commission is fortunate in the very favorable reception afforded its issues by the investment dealers. To the end of 1952, Hydro issued $780 million in bonds. Since January 1, 1953, an additional $90 million has been sold. Of the total of $870 million issued since 1945, $315 million was in United States funds. These funds, incidently, were transferred to Canada at an average premium of nearly 3%. In the same period we have refinanced — not refunded, but retired — over $68 million of debt through the operation of the sinking fund.

Most of the money people invest in Hydro is put back into the Ontario economy. Last year, for instance, the Commission issued purchase orders totalling some $17 million. Close to 95% of Ontario purchasing was done in Canada.

Additional Work at Niagara

Because of the delay in reaching a decision regarding the St. Lawrence Seaway and Power Project, it was necessary for the Commission, on April 25, to announce additional construction at Niagara to meet estimated peak load deficiencies in 1957.

Present plans call for a 12-unit development with an installed capacity of 1,200,000 horsepower. Engineering features include an intake structure on the Upper Niagara River with two five-hundred-cu. foot gathering tubes; twin from these tubes, 5½ mile tunnels, each 45 feet in diameter, running at a maximum depth of 590 feet under the City of Niagara Falls; ½ mile open canal, and a modern powerhouse at the base of the 300-foot cliff, 6 miles below the cataracts. Over 4,000 men are presently employed at the project.

The new work to be undertaken includes the required service water storage reservoir and pumping plant adjacent to the new canal, widening of part of the power canal now being excavated and other of the International River. The 15,000-acre-feet reservoir will enable us to store water at night and released during the day-time peak load period. This arrangement will increase the peak capacity of the station in the tourus, and when use of Niagara River water in the daylight hours is more restricted. The storage project also makes it economical to install additional 100,000-cu.-yd. generating units, as required, in the station for short-time use in supplying peak load.

As additional water is required from the four-billion-gallon reservoir, the gates will be opened and the outflow of water will operate in reverse to pump water into the reservoir. By this means electricity will be generated by having the reverse pumps function in the same capacity as a turbo-generator. It is expected that a maximum of 225,000 horsepower will be developed through these pumps.

Total overall figures for the project give some idea of the engineering feat of undertaking.

SIR ADAM BECK-NIAGARA G. S. NO. 2

Progress Figures

| Description               | Progress to March 31, 1953 | Latest Percent of Final Specifications | Completed
|---------------------------|---------------------------|---------------------------------------|--------
| Earth Excavation          | 4,009,000 cu. yds.        | 91%                                   | 4,424,000 cu. yds. | 91% |
| Rock Excavation           | 7,433,000 cu. yds.        | 72%                                   | 10,850,000 cu. yds. | 72% |
| Concrete                  | 130,500 cu. yds.          | 8%                                    | 1,340,000 cu. yds. | 8%  |
| Steel                     | 36,700 tons               | 51%                                   | 73,000 tons       | 51% |

The total rock and earth excavated to the end of March 1953 is approximately twenty-four times greater than the cubic content of the Royal York Hotel, Toronto, the largest hotel in the British Commonwealth of Nations.

St. Lawrence Power Needed

The construction of the additional facilities at the new Niagara Project does not, by any means, obviate the urgent necessity of power from the St. Lawrence reservoir. The reservoir at Niagara which enables the Commission to use for power production the maximum amount of water allowable under the Niagara Diverter Treaty (which varies over the 24-hour period during the summer) will offset the peak deficiencies estimated for 1957.

St. Lawrence Diverter Treaty

The construction of the additional facilities at the new Niagara Project does not, by any means, obviate the urgent necessity of power from the St. Lawrence reservoir. The reservoir at Niagara which enables the Commission to use for power production the maximum amount of water allowable under the Niagara Diverter Treaty (which varies over the 24-hour period during the summer) will offset the peak deficiencies estimated for 1957.

1957 certain that the maximum of 225,000 horsepower will be developed through these pumps.

Total overall figures for the project give some idea of the engineering feat of undertaking.
statute authorizing Ontario Gov-
ernment to develop the Canadian share of power (1,100,000 horse-
power) in the International rap-
ids section.

Before work can proceed on the power project, the New York State Power Authority has to be licensed by the Federal Power Commission to develop power on the U. S. side of the St. Lawrence River.

Ontario Hydro has already been named as the Canadian entity and stands ready to begin work imme-
diately the necessary authoriza-
tion has been obtained for the U. S. entity.

The St. Lawrence power grid covers an area of some 250,000 square miles. It extends from the Quebec border on the east to Saulie St., Marie on the west and from the International Border to within 120 miles of James Bay.

From this grid area comes 100% of the Canadian output of cobalt and the platinum metals; 90% of the world's output of nickel; 50% of Canadian copper production; 80% of the total North American requirements of refractory metals; the whole of the North American supply of pectite; and 75% of Canadian produced fine papers.

St. Lawrence power is absolute-
ly necessary to pave the way for further development and expa-
sion in Ontario and Canada as a whole.

Continued from page 4

Building for Canada's Oil

280,000 barrels per day. The
speaker then went on to say that in 1953 Canadian oil consumption probably will have grown to 380,-
000 barrels per day and in 1953 to 400,000 barrels per day."

The Manufacturing and Markets

Those figures probably appeared to be quite optimistic at that time but the attainments, however, have shown them to be very con-
servative. For example, the actual throughput being reached in 1953 of some 440,000 barrels per day is even now 15% above that assumed in 1949 as a target for 1953, five years from now. This illustrates the unusual speed with which our oil industry has been growing and the attitude which the author has endeavored to stress as being es-
tential of the observer recognizing it as a growing organism rather than as a fixed business. The figures may also help to illus-
strate the problem and the cover-
age that the leaders have had in determining how far the sites should be raised in attempting to determine the correct size of new plants, storage, and transportation systems servicing this rapid ex-
pansion.
The Industry had done a magni-
cific job in meeting these con-
ditions of a pyramiding market throughout our whole land which has been going on at the same time as the coming in of a new source of crude oil located some

enormous and entirely new trans-
portation system. At the begin-
ning of 1950, we had no long dis-
tance pipe lines in our country, while at the end of 1953 we will have an oil pipe line system stretching from Montreal to Van-
coiver which will be moving freight in quantities significant in comparison with that carried by the great railways or water ship-
ning systems and at tariffs for which there is no competition.

It is this cheap transport that has made the opening up of the Alberta oil fields possible. In 1953 there will be potential production in Alberta in the order of 400,000 barrels per day. After satisfying the Prairie markets there will be a surplus for local requirements that is to be carried to markets some 2,000 miles to the East, or 800 miles across the Rockies, to the West. Thus the first basic ne-
cessity for the development of our oil fields is cheap transport.

We have suffered in Canada in the past as a result of immense distances that have lain between our proven resources of raw ma-
terials and the possible markets. The distances have, in many in-
stances, been so great, that the unavoidable cost of freighting ma-
terials made the operation un-
economical. An immediate ex-
ample is that of coal. The Royal commission in 1945, estimated that there was some 50 billion tons of recoverable coal in the Canadian West. Nevertheless our coal fields are still only producing a minute part of their potential because of the unavoidably high cost of transport.

In moving oil over the Continent, however, it is possible, through the use of large diameter pipe lines to cut the freight to a small fraction of that which would have to be incurred by any other form of transport. This has been a funda-
mental part of the Building for Canada's Oil. The pipe line sys-
tems in total, have cost some $350 million in which the Canadian fi-
nancial houses have played an important part. Some consider-

Continued on page 18

LOCKE, GRAY & COMPANY

Toronto Stock Exchange
Calgary Stock Exchange
Vancouver Stock Exchange
Canadian Stock Exchange
The Investment Dealers' Association
of Canada

members:

offices:  CALGARY • TORONTO • VANCOUVER • MONTREAL • SAINT JOHN

Direct private wires between offices and to our
New York City correspondent, J. A. Hogle & Company
Continued from page 17

Building for Canada's Oil

The taxation is now being given in our country to the building of another type of pipe line development for the cheap transportation of fuel; viz: the building of gas lines and this may add to the interest of looking in detail at some of the fundamentals of pipe lines.

We may briefly list some salient factors.

(a) Tonnages Carried: The tonnage as carried by pipe lines can probably be most easily illustrated by comparison with those handled by a railway. A trans-Continental railway in Canada in 1951, averaged 1,500,000 tons of freight for each mile of track. In comparison with this the Trans Mountain Oil Pipe Line at the end of the year will be handling about three times the above tonnage per mile and may ultimately handle eight to ten times the rail way tonnage mentioned.

(b) Amount of Steel used by Railways and Trunk Pipe Lines: There are about 175 tons of rail in each mile of modern railway. It is assumed that the minimum steel for fittings the total is 226 tons per mile and after adding an average allowance for sidings and terminals the total is about 282 tons per mile of fixed steel. The rolling stock might average another 80 tons giving a grand total of 360 tons of steel required for each mile of an operating railway.

The steel used in a pipe line such as Trans Mountain will be in the order of 230 tons per mile, that is about the same as the requirements for the rails and fittings of a railway or 60 to 70% of the total steel requirements. Thus, the steel used per ton of freight moved in large diameter pipe lines may be less than a seventh of that required for railway operations.

(c) Comparison of Power Requirement: It is difficult to give a direct comparison of power requirements that railways must provide for the return of the rolling stock and the cost varies greatly depending on the different types of terrain being crossed. If, however, a comparison is made with a railway that has efficient diesel operations, with loaded trains on level country, the combustion of fuel when moving the loaded train only is about 20% more than for moving the same tonnage in a trunk pipe line.

(d) Comparative Number of Employees: The railways provide through their hotels, communication systems, steamship lines, airlines, etc., very much more comprehensive service than do pipe lines. It is therefore difficult to make a comparison, but it would appear that the pipe line system requirements about one-tenth the number of employees per mile that is used by the railway. While considering the distribution of employees in the different transportation systems, it is interesting to note that a major railway system averages one station for every six or seven miles, whereas major pipe lines even when operating at near capacity would probably not have stations closer than 35 miles and they could be several hundred miles apart.

The foregoing costs are given as a comparison between pipe lines and railways because they permit a comparison of a pipe line with a universally known transportation system. It will be appreciated, however, that this comparison is in a way a reflection on railway operation in that the railway also provides extensive services in the opening up of new country, the carrying of every conceivable kind of freight in any quantities and through difficult terrain and climatic conditions that could not be provided in any other way. The pipe line, however, can render services to the freighting of liquids over land at a cost that cannot be rivaled by any form of transport. To compare actual cost with railway freight rates, if we assume a general favorable railway freight of 3½c per hundred weight per hundred miles it will be found that the tariff over any distances of any greater than five hundred miles will be seven to ten times the tariff that would be required by a pipe line carrying the same tonnage the same distance.

Accomplishments in Canada's Oil Lines

We noted that from the beginning of 1900 to the end of 1953 there will be a total of nearly 2,500 miles of big inch pipe line stretching east and west from Alberta that has been built through enormous financial and engineering efforts in a matter of months to carry that Province's crude to market. The main pipe lines built in Canada during that time cost in the order of $350 million. What an example of the energy and courage of the oil companies operating as free enterprises in their service to Canada.

It is probably permissible for us to note for the present some aspects of these developments. Through the building of the trunk pipe line to the east from Alberta and the terminals in the world has been created. Over 600 miles of that line is as large as any oil pipe line on the Continent and in ob-
To Help You...

With your investment planning, each month we prepare an informative bulletin discussing some aspect of Canadian business and recommending selected companies.

This bulletin is available without obligation to interested investors. We will be glad to mail you a copy of the current issue upon request.

Ross, Knowles & Co.

Members: The Toronto Stock Exchange
The Investment Dealers' Association of Canada

330 BAY STREET, TORONTO, CANADA

Thomson, Kernaghan & Co.

Members
The Toronto Stock Exchange

Specialists in Canadian Industrial Mining and Oil Securities

— Partners —
E. B. Kernaghan
F. C. Woolley
K. A. W. Sutherland
W. W. Davison
J. F. Willis

67 RICHMOND STREET WEST
TORONTO 1

Em. 3-4894
Em. 4-4256

KERNAGHAN & CO. LIMITED
The Investment Dealers' Association of Canada

able justification that "you can build a pipe line anywhere if you have the money." There are some aspects, however, of such "building" that may be interesting to develop a little further and to draw attention to certain fundamental differences between gas and oil pipe lines.

In the matter of hydrdraulics where the line is traversing 17 ½ feet per mile. That is the rough country, either an oil or gas line from a strictly engineering point of view can be built over almost any physical objects. In the case of an oil line, however, adverse hydraulic heads can be more costly than with a gas line. For example, in the case of Trans-Mountain Oil Pipe Line there will be stretches of that line when processing 200,000 barrels per day that will have a friction drop of 38-inch gas line when full of gas and passing through water will require approximately 300 lbs. of weight per foot of line to keep the line in place. The cost of such weighting of the line could be nine to ten dollars per foot, or 50% more for the weights alone than the total cost of laying the line in good terrain.

Summary of Gas Position

There is a surplus of natural gas in Western Canada. hardwoods are now taking place in Alberta to determine the amount. There is a need for cheap fuel in other parts of Canada and there are various proposals for bringing these two conditions together. It will be appreciated that the two fundamental requirements are: (1) that the gas must be able to reach the market at a competitive price with other fuels; and, secondly, that there must be a net back price to the gas fields adequate to make it attractive for the producers to produce gas as such and not merely that gas which is incidental to the production of oil. To accomplish, if possible, these two basic requirements in our land of vast distances the utmost must be reached in economical transport particularly as regards location, capacity, and cost.

Throughout Canada this subject will be watched with keen interest and it is hoped that that part of the oil industries development that is the production and marketing of gas can move forward with something of the same precision and efficiency to the producer and consumer that has already been attained in the other aspects of the industry.

continued from page 8

Canada—A Dynamic Neighbor

Loyalty, to Britain or to Her Majesty. We can appreciate, therefore, that we are not amused when someone suggests that Canada should be turned over to the United States in payment of British war or other debts.

We won our independence, not by fighting our sister Canada, for it, but by standing at her side in two world wars. Nevertheless, our independence is as dear to us as yours is to you, though we may not set off so many fireworks to prove it.

In any speech before a gathering such as this, you will naturally expect a few statistics and, indeed, we shall not entirely disappoint you. However, I have a firm belief in keeping figures to an absolute minimum.

Our area is the third largest in the world, being exceeded only by Russia and China. We are the world's largest producers of newsprint, nickel, asbestos and platinum, and our production of at least two of these items will soon increase.

We are the world's second largest producers of aluminum, gold, uranium and electric power; and already very important producers of cobalt, lead, zinc, copper, oil and gas. The discovery of rich oil and natural gas fields in the West during the past year will not only provide a domestic source of petroleum, but also stimulate the growth of petro-chemical and other industries in that area. Our production of titanium has just started, and we are almost daily finding new and hitherto unsuspected mineral wealth.

Our "hydro" development in Ontario, Quebec and British Columbia is already spectacular, and will become truly colossal within the next two or three years. Even now our per capita electric power consumption is the highest in the world. At Niagara, we will soon be producing 2,000,000 horsepower of electrical energy while you are still arguing whether or not to give the right to develop a similar amount on your side of the river. By all precedent and logic the St. Lawrence Seaway should be a Joint United States-Canadian undertaking. But our growing power requirements are such that we may be compelled to undertake its construction alone before long.

Canadian Steel Consumption

Our steel consumption per capita is the second highest in the world, and we now rank seventh in output amongst the steel producing countries. Since 1929 our ingot capacity has grown from 2,094,550 tons per year to 4,400,000 tons. In comparison with your capacity, the figures look almost insignificant, but they do indicate an increase of 110% in a 15-year period. Broadly publicized iron ore developments in the Quebec:

Continued on page 20

Let IMPERIAL BANK keep you up-to-date on CANADA

Whether you are a Canadian or someone else with a business interest in this country, you will find Imperial Bank at your service.

There are some 230 modern, well-equipped Imperial Bank branches from coast to coast that can assist businessmen with the most up-to-date information on latest business trends, conditions and opportunities in Canada.

Bank at IMPERIAL "the bank that service built" IMPERIAL BANK OF CANADA

Head Office, Toronto, Ontario.
Canada—A Dynamic Neighbor

Labrador area, at St. John's and at Marmora, coupled with increasing production in the Lake Superior district by the Algoma Steel Corporation, Limited, and in Newfoundland by the Dominion Steel and Coal Corporation, Limited, will soon make Canada, on balance, a substantial exporter of iron ore instead of an importer.

Admittedly, we are still fairly small in numbers, but in the light of what is happening in Canada at distances up to 600 miles north of the border, we no longer think of our population as a narrow fringe along your northern border. On the contrary, we are beginning to realize that some day our country may grow as high as it is wide and handsome. Already there are in hand considerable developments around and even north of the 6th parallel of north latitude, which promise to make hitherto barren and inaccessible regions important commercially and industrially within the next quarter century. The airplane has altered our whole concept of what the future of the North is likely to be.

Our average population density may be less than 4 per square mile, but in the fast-growing area between Toronto and Niagara Falls the average density is up to 180 per square mile. This density is about the same as for Massachusetts, Connecticut, northern New York, southeastern New Jersey, and eastern Pennsylvania.

The density of our population around Montreal and around Toronto is approximately the same as that in the Toronto-Niagara area. While about 65% of your population is urban, only 37% of our population lives in towns and cities. However, the shift from rural to urban living goes on space with us, as it does with you. If the present tendencies continue, we should be at about your present degree of urbanization in two decades.

The industrial development now going on all over Canada is very impressive. In the area between Toronto and Niagara Falls, the development is really something to see. It was even written up in a "Business Week" as a feature story not long ago.

Without doubt, rapid expansion of productive facilities has been encouraged and helped by the flexible depreciation regulations in effect since Jan. 1, 1949. Under our present tax law, we may write off up to 10% per annum of the undepreciated value of such buildings as we ordinarily use in the steel industry, and up to 25% per annum of the undepreciated value of machinery and equipment. Such-depreciation may also be taken prior to completion of a project. As a result, assuming that a mill costing in value of one-third buildings, and the balance machinery and equipment, could be completely installed during the fiscal year of a company, it could be written down to approximately 40% of its cost by the end of the fourth year of operation, if maximum permissible rates are used throughout the five-year period. However, in one very important respect, we are in exactly the same position as you occupy, viz., we must have income in order to write off depreciation.

Percentage-wise, our population growth has been quite as high in the past five decades as your population growth has been. However, in one very important respect, we are in exactly the same position as you occupy, viz., we must have income in order to write off depreciation.

Percentage-wise, our population growth has been quite as high in the past half-century as your population growth has been. However, in one very important respect, we are in exactly the same position as you occupy, viz., we must have income in order to write off depreciation.

Percentage-wise, our population growth has been quite as high in the past half-century as your population growth has been. However, in one very important respect, we are in exactly the same position as you occupy, viz., we must have income in order to write off depreciation.

Percentage-wise, our population growth has been quite as high in the past half-century as your population growth has been. However, in one very important respect, we are in exactly the same position as you occupy, viz., we must have income in order to write off depreciation.

Percentage-wise, our population growth has been quite as high in the past half-century as your population growth has been. However, in one very important respect, we are in exactly the same position as you occupy, viz., we must have income in order to write off depreciation.

Percentage-wise, our population growth has been quite as high in the past half-century as your population growth has been. However, in one very important respect, we are in exactly the same position as you occupy, viz., we must have income in order to write off depreciation.

Percentage-wise, our population growth has been quite as high in the past half-century as your population growth has been. However, in one very important respect, we are in exactly the same position as you occupy, viz., we must have income in order to write off depreciation.

Percentage-wise, our population growth has been quite as high in the past half-century as your population growth has been. However, in one very important respect, we are in exactly the same position as you occupy, viz., we must have income in order to write off depreciation.

Percentage-wise, our population growth has been quite as high in the past half-century as your population growth has been. However, in one very important respect, we are in exactly the same position as you occupy, viz., we must have income in order to write off depreciation.

Percentage-wise, our population growth has been quite as high in the past half-century as your population growth has been. However, in one very important respect, we are in exactly the same position as you occupy, viz., we must have income in order to write off depreciation.

Percentage-wise, our population growth has been quite as high in the past half-century as your population growth has been. However, in one very important respect, we are in exactly the same position as you occupy, viz., we must have income in order to write off depreciation.

Percentage-wise, our population growth has been quite as high in the past half-century as your population growth has been. However, in one very important respect, we are in exactly the same position as you occupy, viz., we must have income in order to write off depreciation.

Percentage-wise, our population growth has been quite as high in the past half-century as your population growth has been. However, in one very important respect, we are in exactly the same position as you occupy, viz., we must have income in order to write off depreciation.

Percentage-wise, our population growth has been quite as high in the past half-century as your population growth has been. However, in one very important respect, we are in exactly the same position as you occupy, viz., we must have income in order to write off depreciation.

Percentage-wise, our population growth has been quite as high in the past half-century as your population growth has been. However, in one very important respect, we are in exactly the same position as you occupy, viz., we must have income in order to write off depreciation.

Percentage-wise, our population growth has been quite as high in the past half-century as your population growth has been. However, in one very important respect, we are in exactly the same position as you occupy, viz., we must have income in order to write off depreciation.

Percentage-wise, our population growth has been quite as high in the past half-century as your population growth has been. However, in one very important respect, we are in exactly the same position as you occupy, viz., we must have income in order to write off depreciation.
vocal socialist party with 13 members in a Federal house of 262.

Last year, welfare payments accounted for about a quarter of our Federal budget of $4,329 million. We have the example of Britain before us to show what happens when the high taxes demanded by welfare schemes raise export prices to the point where they are not competitive. As early as 1928, Britain could not sell abroad, in competition with the United States, Japan and Germany, sufficient goods to cover the cost of her imports. In that year, and in 1927 and 1928, she had to sell foreign investments in order to balance her international accounts.

What worries some of us in Canada is the degree to which our own costs of production are being loaded with the go-to-weights of welfare and other government expenditures. What will happen to our economy, which derives 24% of its national income from exports of goods, if we succeed in pricing ourselves out of foreign markets?

Canada's Future

Please do not conclude from what I have been saying here today that I am in any way pessimistic as to Canada's future. It is hard to see how we can avoid becoming a great nation, as we are already a very advanced and prosperous nation. When, in all history, have so few people accomplished so much in the face of such difficulties of climate and terrain?

I do think, however, that our progress can be held back if our people are persuaded to do things that are out of line with the economic facts in our own case. What has been done, or may be done elsewhere, does not necessarily have any relevance for Canada. If we try to follow too closely what others differently situated have done, we may find ourselves trying to do too much.

What we really need above all is more people. Our population is still far too small in relation to the facilities we have already created. With the almost daily discovery of new natural resources, the need for a larger population becomes more and more pressing.

We used to welcome as many as 400,000 intending settlers a year prior to World War I. But the best we have been able to accomplish in that direction since 1914 was in 1951, when the total of immigrants was 104,000. Last year we took in 106,000, and this year about the same number is likely to come to Canada.

Without more people we cannot have a domestic market large enough to employ mass production and distribution methods on a very substantial scale. Without being able to go in for mass production, our overall productivity per man hour must remain considerably lower than your own, and our wage scale correspondingly lower unless our unit costs are to become non-competitive.

Our people are being urged both day and night, through radio and other advertising, to want all the things Americans possess. At the same time the comparatively small size of the domestic market prevents the payment of wages as high as those enjoyed by Americans. The long range possibilities for trouble in such a situation are obvious.

On the other hand, the world is crying out for many of the things we possess most abundantly. Such being the case, I am and expect to remain a great booster for Canada — your good neighbor and best customer.

Charles M. Schwab once said, "Bet on the United States if you must bet at all." I feel sure that, if he were with us today, he would have included Canada with the United States, for you certainly should not sell Canada short despite the difficulties which confront us.

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

Continued from page 13

In Attendance at I.D.A.C. Convention

CHIPPINDALE, A.
Calvin Bullock Ltd., Montreal

CUTE, J.
W. C. Pittfield & Company Limited, Montreal

CLARK, R. E.
Calvin Bullock Ltd., New York

CLEMENT, M.
Le Canada, Montreal

COCHRANE, A. C.
Bankers Bond Corporation Limited, Toronto

COCHRANE, J. W.*
Doherty Roadhouse & Co., Toronto

COLEY, B. *
Canadian Dow Jones, Montreal

COPELY, R. C.*
Neshill, Thomson and Company Limited, Winnipeg

COYLE, B. L.
Deacon Findlay Coyne Limited, Toronto

COX, S.*
Bankers Bond Corporation Limited, Toronto

CRAWFORD, J. K. L.
Biggar & Crawford, Toronto

CROSTON, J. B.
Cochran, Murray & Co. Limited, Toronto

CROOKSTON, J. L.*
Neshill, Thomson and Company Limited, Toronto

CUNLIFFE, G. S.
The Gazette, Montreal

DARSON, B. E.*
Neshill, Thomson and Company Limited, Ottawa

DEACON, P. S.
The Financial Post, Toronto

*Denotes Mr. and Mrs.

COYNE, B. L.
Deacon Findlay Coyne Limited, Toronto

CUTER, J.
W. C. Pittfield & Company Limited, Montreal

CLARK, R. E.
Calvin Bullock Ltd., New York

CLEMENT, M.
Le Canada, Montreal

COCHRANE, A. C.
Bankers Bond Corporation Limited, Toronto

COCHRANE, J. W.*
Doherty Roadhouse & Co., Toronto

COLEY, B. *
Canadian Dow Jones, Montreal

COPELY, R. C.*
Neshill, Thomson and Company Limited, Winnipeg

COYLE, B. L.
Deacon Findlay Coyne Limited, Toronto

COX, S.*
Bankers Bond Corporation Limited, Toronto

CRAWFORD, J. K. L.
Biggar & Crawford, Toronto

CROSTON, J. B.
Cochran, Murray & Co. Limited, Toronto

CROOKSTON, J. L.*
Neshill, Thomson and Company Limited, Toronto

CUNLIFFE, G. S.
The Gazette, Montreal

DARSON, B. E.*
Neshill, Thomson and Company Limited, Ottawa

DEACON, P. S.
The Financial Post, Toronto

DEANS, D. T.
Bankers Bond Corporation Limited, Toronto

DELAHAY, E. C.
Greenshields & Co. Inc., Montreal

dePENCIER, J.
Collier, Norris & Quinlan, Limited, Toronto

DELLON, J. M.
Carlisle & McCarthy Ltd., Calgary

DINGLE, H. H.
Wood, Gundy & Company Limited, Vancouver

DINNICK, J. S.*
McLeod, Young, Welr & Company Limited, Toronto

DIXON, R. M.
Balt, Goutierlock & Company Limited, Toronto

DOWNES, W. L.
Kippen & Company Incorporated, Montreal

DUBUC, J. P.
Belanger Inc., Montreal

Continued on page 22

HIGH GRADE

DIRECT SHIPPING IRON ORES

FOR THE

BLAST FURNACE AND

OPEN HEARTH

Steep Rock Iron Mines, Limited

Steep Rock Lake, Ontario
Continued from page 21

In Attendance at I.D.A.C. Convention

DUNKLEY, J. R.* Royal Securities Corporation Limited, Toronto
EDWARDS, J. C.* Matthews & Company, Toronto
EDWARDS, Neil James Richardson & Sons, Toronto
ELLWOOD, W. J. H. Burns Bros. & Denton Limited, Montreal

*Denotes Mr. and Mrs.

FARNSWORTH, H. R. Royal Securities Corporation Limited, Calgary
FAULKNER, J. D.* Wood, Gundy & Company Limited, Montreal
FINDLEY, A. G.* A. E. Ames & Co. Limited, Toronto
FINDLEY, J. B.* Deon–Findlay Coyne Limited, Toronto
FISHER, E. J.* A. E. Ames & Co., Limited, Montreal
FITZPATRICK, F. M. Locke, Gray & Company, Montreal
FLEMING, P. E. Fleming & Company, Limited, Toronto
FORGET, R.* Forget & Forget Limited, Montreal
FORSTER, W. L.* W. C. Pitfield & Company, Limited, Montreal
FOWLER, R. M.* Newspaper Association of Canada, Montreal
FRANCES, A. F.* A. F. Frances & Company Limited, Toronto
FRASER, G. L.* The Western City Company Limited, Vancouver
FRONT, J.* Investment Dealers’ Digest, Chicago
GARDENER, J. S.* Gardiner & Company Limited, Toronto
GARDHOUSE, F. C.* Cochran, Pitfield & Company Limited, Toronto
GARDNER, G.* George R. Gardiner Limited, Toronto
GASSARD, H. L.* Investment Dealers’ Association of Canada, Toronto
GENDRON, J.* J. T. Gendron Inc., Quebec
GERBER, L.* Harrison & Company Limited, Toronto
GIBSON, L. T.* Robertson, Young, Weir & Company Limited, Montreal
GINGRAS, G.* Rene T. Leclere Incorporé, Montreal
GOODWIN, C. E.* McLeod, Young, Weir & Company Limited, Montreal
GORDON, A. S.* Royal Securities Corporation Limited, Montreal
GOULDING, E. D.* Goulding, Rose & Company Limited, Toronto
GRAHAM, J.* John Graham & Company Limited, Ottawa
GRANT, J. A.* Playfair & Company, Toronto
GREEN, J. L.* L. M. Green & Company, Toronto
GRIFFIN, F. E.* Greenshields & Co. Inc., Montreal
HAGAR, D.* Hagar Investments Limited, Victoria
HAMILTON, J.* George E. Gardiner Limited, Toronto
HANSON, T. R.* Burns Bros. & Denton Limited, Toronto
HAYDEN, Miss R. L.* Mackellar Securities Limited, Toronto
HEARN, Dr. R. L.* Ontario Hydro-Electric Power Commission, Toronto
HENDERSON, E. M.* A. E. Ames & Co. Limited, Toronto
HERENDRORF, H. H.* Herrendorf Securities Ltd., Winnipeg
HILL, J. S.* Harrison & Company Limited, Toronto
HILLS, H. H.* Royal Securities Corporation Limited, Halifax

Charles H. Burgess & Co.

DEALERS IN INVESTMENT SECURITIES SINCE 1909

Members Toronto Stock Exchange
Investment Dealers’ Assn. of Canada

255 Bay St. - Empire 6-8471

Established 1901

PLAYFAIR & COMPANY

Members
The Toronto Stock Exchange
Edmonton Stock Exchange
Investment Dealers’ Association of Canada

STOCKS, BONDS and MINING SECURITIES

Correspondence Solicited

68 King St. West • Toronto 1
Telephone: Empire 3-6001

H. L. TRAPP
E. C. WEST

J. A. GRANT
E. W. SIMPSON

R. T. NICOL
G. L. TIMMINS

Picard & Fleming

Members:
The Toronto Stock Exchange
Canadian Stock Exchange
Calgary Stock Exchange
Canadian Commodity Exchange Inc.

129 ADELAIDE ST. W., TORONTO

Phone: Empire 6-3751

BRANCH OFFICES:
147 Spadina Ave., Toronto, Ont.
151 Charlotte St., Peterborough, Ont.

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

220 RAY STREET — TORONTO

Telephone: Empire 6-1141
In Attendance at
I.D.A.C. Convention

MITCHELL, A. W.
A. E. Ames & Co. Limited, St. Catharines

MURPHY, H.
Commercial & Financial Chronicle, New York

NESHIT, A. P.*
Nesbitt, Thomson and Company Limited, Toronto

NEWMAN, M. P.
Cochran, Murray & Co. Limited, Toronto

NIXON, S. R.*
Dominion Securities Corporation Limited, Montreal

FRY, E. F.*
Burns Bros. & Denton Limited, New York

FEPALL, W. G.*
Bell, Goulding & Company Limited, Toronto

PERCIVAL, E. G.
Harrison & Company Limited, Toronto

PIPER, W. J.
A. E. Ames & Co. Limited, Montreal

PLUMPTON, K. E.*
Nesbitt, Thomson and Company Limited, Montreal

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

POUNTEY, F. R.
Houston, Willoughby & Company Limited, Regina

PRAIT, J. V.
Equitable Securities of Canada Limited, Limited, Toronto

PRICE, W. H.
Price, Evans & Company Limited, Toronto

PYE, J.
The Financial Times, Montreal

RAMSAY, W. G.
Stanbury & Company Limited, Saint John

ROBINSON, A. S.
Wood, Gundy & Company Limited, Winnipeg

ROBINSON, E. A.*
Bartlett, Cayley & Company Limited, Toronto

ROBINSON, N. J.
E. R. Pooler & Co., Toronto

ROBSON, W.
A. E. Ames & Co. Limited, Toronto

ROSE, F. M.
Dow Jones, New York

ROSE, G. W.
Goulding, Rose & Company Limited, Toronto

ROTH, E. G.
Merrill Lynch, Pierce, Fenner & Beane, Toronto

RYAN, J. D.
Bigrig & Crawford, Belleville

SCHULTZ, J.*
Dominion Securities Corporation Limited, Lec, don

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

SULLY, H. D.*
Nesbitt, Thomson and Company Limited, St. John

PRICE, EVANS
AND COMPANY LIMITED
DEALERS IN GOVERNMENT, MUNICIPAL & CORPORATION BONDS

WILLIAM H. PRICE, JR.  JENKIN EVANS
366 BAY STREET, TORONTO — EM. 3-3304

Government and Corporation Securities

N. L. MACNAMES & COMPANY LIMITED

Members of the Investment Dealers' Association of Canada

N. L. MACNAMES & COMPANY LIMITED

Members of the Investment Dealers' Association of Canada

66 King Street West, Hamilton 19 Melbourne Street, Toronto 1

Telephone 7-6402  EMpire 3-3313

WILLY, BICKLE & COMPANY

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

INVESTMENTS

44 King St. West  —  Toronto 1

EMpire 8-4561

Continued from page 23
FINANCIAL CHRONICLE

A big bank SERVING A GROWING COUNTRY

Established in 1869, The Royal Bank of Canada has grown to be one of the great banking houses of the world. It has over 780 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 $2,675,000,000.

Individuals, firms and banks doing business in Canada or abroad will find at “The Royal” world-wide banking facilities — and many specialized services outside the realm of routine banking.

We 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. 5
Correspondent the world over
Assets exceed $2,675,000,000

St. James Street, Montreal, with the 20-story Royal Bank Building in the background.
The Canadian Picture
Is Still Bright

For the period mentioned above, equity financing reached quite substantial proportions and is estimated to have been in excess of $100 million.

The Government of Canada, in 1953, paid off $750 million of maturing securities including $100 million of deposit certificates. Funds for the purpose were provided to the extent of $450 million from the issue of $800 million of one-year 2% bonds and $150 million 2% bonds, with a maturity a little over two years. The balance was paid off out of the Government's cash resources which had been augmented through the sale of Canada Savings bonds to the extent of $341 million by the end of the year.

During the month of January two significant moves were made by the Government and the Bank of Canada—one in the long-term investment field and the other in the extension of Treasury Bill maturities. With the idea of determining the market level for long-term securities having in mind the need of providing for the retirement of early maturities and over the next few years substantial amounts of Victory Loan issues, the Government offered an issue of 25-year 3% bonds to return a yield of better than 3.85%. Of the $100 million authorized a survey of official returns indicates that some $60 million has been issued to date. A radical change was made in the practice of issuing Treasury Bills. The former policy was to issue approximately every two weeks $75 million of Treasury Bills with a maturity of approximately three months. Under the new system, Treasury Bills which are now offered weekly, were issued initially for approximately three, six and nine months maturities. Thus at the end of 13 weeks, there were outstanding 39 different maturities as against only six formerly. Total Treasury Bill issues outstanding have been increased from $450 million to $650 million, the additional proceeds being applied to the retirement on May 18 of $200 million deposit certificates held by the chartered banks. Greater flexibility in short-term operations is now possible, a broader market has been made available for corporate funds for near-term investment and the Bank of Canada is in a position at its discretion to exert a greater influence on the short-term market.

During 1952, the general level of interest rates moved higher reflecting the heavy demand for funds by all categories of borrowers. The wide spread in yields that had been in evidence between short date and long-term securities, for six of the postwar years, to a great extent disappeared. For example, net increase in yield for the two-year Government of Canada bonds for the calendar year ending 1952 was .68 as compared with an increase of .22 for 10-year bonds and .10 for 15-year bonds. This pattern has changed but little during the early months of the present year. The substantial increase in
yields on shorter-term securities was occasioned by heavy demands on the banking system for loan accommodation by industrial and commercial borrowers as well as by consumers. To provide these funds, the chartered banks, in order to maintain their cash reserve position, disposed of some of their short-term Government holdings. And the market pressure so exerted was reflected in lower prices and correspondingly higher yields. Longer-term Government securities on the other hand were not subject to the same selling pressure and for that reason prices and yields were relatively better maintained in spite of a considerable volume of repatriation. As rates became more attractive, many institutional purchasers viewed with greater favor medium and long-term obligations.

Effect of Higher Interest Rates
The higher level of interest rates had a very noticeable effect on new issue markets. The seventh series of Canada Savings Loan bonds with a term of 10 years and 9 months were issued to yield 3.4%, if held to maturity, as compared to 3.21 offered by the sixth series in the fall of 1951. Provincial and Provincial Guaranteed issues carried coupon rates that had not been seen since the early '20s, ranging from 4 to 4 1/4%. Municipalities in particular found their borrowing costs considerably higher and today, returns available range from 4% to 5% depending on term for the high and medium grade issues. In the Corporation field yields ranging from 4 1/2% to 6% were obtainable on new bond and debenture issues of good corporate names. From the large volume of new financing which has taken place during the earlier months of this year, has for the most part been done at the levels indicated above, and there is little sign of any present change in the yield pattern.

During recent years, many companies have raised part of their capital requirements through the issue of convertible securities. Practically all of these issues, whether bonds, debentures or preferred stock, have met with a ready reception on the part of investors. Many of these issues subsequently sold at substantial premiums, reflecting the strength prevailing in the stock market. Some have presently lost much of their flair and romance price-wise as their premium value is definitely related to the equity market, and it is only too true that markets decline as well as advance.

Canada's fiscal position continues to be strong and from the viewpoint of other nations, enviable healthy. As a result of budgetary surpluses in recent years—the most recent being $48 million and the seventh in succession, a reduction of 17% in the net debt position of the country has been achieved since 1946. On a per capita basis, the extent of this reduction is 31%. Compared to 1946 when our net debt was equal to 113% of our Gross National Product, today it is 48%. To put this comparison in more realistic terms, the Minister of Finance in his budget speech this year (page 2339) represented 31 weeks of the nation's output. In 1946 it was about 60 weeks but today's debt could be covered by the product of 25 weeks' work. The real burden of our debt has been considerably more than halved over the past seven years. This situation can only obtain on the basis of existing prices and high labor productivity.

The budget for 1953-1954 in providing a much needed measure of tax relief, both corporate and personal, reflects the high level of business activity of the country and the expectation that this will continue during the current year. Tax reductions to the extent of some $250 million were provided in the budget, and were based upon an expected increase of 4% in the Gross National Output. Aside from the reduction in personal taxes, effective July 1 and equivalent to about 5% across the board for the calendar year, the decision of the Government to provide a measure of reduction in corporate taxes and to increase from 10% to 20% the tax credit against personal income tax of dividends received from tax-paying corporations was a further step in the right direction. As a result, many dividend paying stocks have found new favor on the part of security buyers.

In view of the extent to which capital expansion must be financed from retained corporate earnings as well as the invested savings of individuals, it is expected that the returns on corporate securities will be relatively high in the coming period.
The Canadian Picture Is Still Bright

Continued from page 27

ceedingly important that taxation be kept to a minimum after due provision for the country’s present social and defense obligations. But reductions should be made at every opportunity.

Foreign Investment Organizations Attracted to Canada

Tangible evidence that our country still remains a fertile field for investment is shown by the interest of foreign investment organizations. Attracted by the growth potential of Canada, a number of foreign investment trusts—of British, Belgian, Swiss and American origin—established a base of operations in this country in the last two years. Thanks to a more lenient attitude on the part of the United Kingdom Treasury Office, British capital was also more active, primarily in the field of direct plant investment. In view of the part British capital played in the early growth and development of this country, this increased inflow will be given a welcome reception.

As an indication of the stature to which this country has risen as a trading nation, Canada’s 11th chartered bank was incorporated under Dutch banking auspices. Having in mind the world banking experiences of the sponsors of our new chartered bank, the establishment of its operations in Canada will broaden the accommodation necessary to facilitate the flow of international trade. Today attention in Canada is largely focused on two much discussed developments which will have an important effect upon our future economic growth.

1. The export of natural gas from the Western Provinces.

2. The construction of the St. Lawrence Seaway.

It is to be hoped that some decision regarding these projects will shortly be reached. Particularly is this true with respect to the natural gas situation. Estimated reserves of approximately 10 trillion cubic feet of gas appear to have reached the point where definite consideration should be given to export permits by the Western Provinces. Large amounts of capital which are now frozen would become more fluid, further oil and gas drilling operations would be encouraged and risk capital would undoubtedly be in greater evidence. The expenditure involved in either of the above-mentioned projects will call for a program of major financing and should result in benefit alike to Canadian business and consumers.

What About the Future?

To review the past and discuss the present situation takes little, if any, imagination but to assess the future is a much more hazardous undertaking. As we approach the end of the first half of 1953, it would appear that the tide of prosperity, while still relatively high, could possibly recede to a lower level. Early estimates suggest a Dutch unemployment rate of labor will continue this year at a most satisfactory level. To assume that the present degree of prosperity and rate of growth will continue without interruption can only be wishful thinking. Progress and expansion are charted in a line straight upwards—the line is more often subject to up and down movements.

Should a recession in general business occur bringing with it a period of deflation, followed by policies of monetary expansion, the fires of inflation whose embers have been smouldering, could once again burst into flame.

The long-term prospects for Canada, assuming there is no war, are distinctly bright. A perusal of the Paley report serves to show the demand that may reasonably be assumed to exist over the next 20 years for many of the basic raw materials that Canada has in such abundant supply. As is now the case, our best customers for the raw material will likely be the United States.

A major question of today is “what are the prospects for world peace?” Should peace become a reality in the final analysis the results can only be constructive. Confidence would be restored, more long-term planning would be undertaken, and world trade would be greatly facilitated and expanded.

With international tensions developing along new lines and in different areas, the world situation is still characterized by many uncertainties and misgivings. Despite the different sentiments now expressed by the Kremlin, the Western World would be wise to drastically curtail any defense plans presently underway, unless with the full assurance and knowledge that sincerity of intent prompted the more friendly statements and overtures that have recently been made. Eternal vigilance is still the price of safety.
Effective Public Relations

The real goal is not an understanding of techniques, but an understanding of the reason for the existence of a business. What we really want the public to know is the sort of services we are providing for the community as a whole. If those services are good and people know about them, it will follow that the community will give us a fair hearing in the event of criticism. I would suggest going so far as to set these down on might in time spread to the public as “talking points” for your membership at large. Dissemination will not only be in your own interest, but in the general public interest, the final test for a public relations activity.

So much for the three great essentials—accurate self-appraisal, accurate evaluation of the audience and a clear definition of the objective. As I mentioned earlier, I'm in favor of making this fundamental appraisal periodical as a check both on our own and one's own programs. It is the best and cheapest insurance available, and you've done me a favor by making me take another look at my own situation.

Job for Whole Organization

When it comes to specific programs, we again find a premium on appraisal and analysis. Of necessity, public relations is a responsibility of the whole organization. What is the press, radio or public relations? Can teachers count on you to answer their questions, help them with literature and talks? Can news men get the answers to their questions quickly and accurately or do they meet with “no statement”?

I suspect that there is no area in which there is more confusion than that which comes under the heading of “press relations.” It is always gratifying to get favorable press comments and because of this, there is a tendency to make the press the focal point of our whole activity. Why not make the newspapers a part of a whole association?

—J. T. Gowin

Continued from page 7.

Mr. & Mrs. Jean T. Gendron, J. T. Gendron Inc., Quebec; Mr. & Mrs. G. G. Johnson, Credit Interprofessionnel, Ltee., Montreal; Allan H. Turner, Lefco, Gray & Co., Calgary


Greenshields & Co Inc

Greenshields & Co

Underwriters and Distributors
Canadian Security Issues

507 Place d'Armes, Montreal

Ottawa Quebec Sherbrooke Toronto

Continued on page 30

Guildhall Securities Limited

GOVERNMENT, MUNICIPAL and CORPORATION SECURITIES

MEMBERS OF THE
INVESTMENT DEALERS' ASSOCIATION OF CANADA

465 McGill Street, Montreal
TELEPHONE UNIVERSITY 6-4511

Gilles Forget Jacques Forget Maurice Forget

FORGET & FORGET
Members of the Montreal Stock Exchange
Members of the Canadian Stock Exchange

51 ST. JAMES ST. WEST
DEL6E 3511

Since 1922
A Complete Over-the-Counter
Service for BROKERS and DEALERS in CANADIAN

BONDS
Government Industrial Public Utility
Industrial Real Estate Public Utility

STOCKS
Bank & Insurance Mining Shares

KIPPEL & COMPANY, INC.
Members Investment Dealers Association of Canada
607 St. James St., West, Montreal
UNIVERSITY 6-5463

Direct Private Wire between Montreal and Toronto
Effective Public Relations

Measure of Success

Consequently a far better guide to the success of your program than the amount of press and radio space you get is the way it is being filled. Does it reflect public criticism, indicating misunderstandings simply reported by the press? Does it accurately reflect the work of public services you provide the community? Do you respond vigorously to unfair public criticism with facts and figures and forthright statements?

In short, do your press reports indicate that you are making yourself understood to the public and to newspapermen what they need? Second, the definition of "news" is decided by the readers. Unless there is a considerable interest in what is going on in your business, an excellent press relations program may bring in a relatively small number of clippings.

SAVARD, HODGSON & CO., INC.
Members of The Investment Dealers’ Association of Canada

230 Notre Dame St. W.
1203 Phillips Square
MONTREAL
SHERBROOKE — TROIS-RIVIÈRES — CHICOUTIMI

SAVARD & HART
Members: Montreal Stock Exchange
Canadian Stock Exchange
Toronto Stock Exchange

Head Office: 230 Notre Dame St. W., Montreal
Branch Offices:
62 William St., New York City, Hanover 2-6635
QUEBEC — TROIS-RIVIÈRES — SHERBROOKE
CHICOUTIMI — ST. JOHNS, P. O.
of your community are logical persons to receive your story and communicate it to others? Have you "defined your public?"

Do you make available to employees who should receive it, the material produced by your own information group, such as your own house organ? Do you emphasize the importance of reading, and acting on, this material?

Continued from page 10

Gigantic Strides of Canada's Banking

900 accounts in all, one for every adult Canadian, and ample evidence of the confidence the Canadian people have in their banking system.

To take care of the increased volume of business and to maintain the high level of service that the Canadian people have come to expect, bank staffs have increased from 8,000 to 48,600 in the last 10 years. During the same period, total annual payrolls of the banks have increased from $41 million to $100 million, merely one item in the over-all cost of running the banks. The scale of remuneration to individual employees has improved greatly in recent years.

Competition, a Driving Force

The opening of 700 new branches in the past 10 years illustrates clearly that competition among banks is a driving force in the Canadian banking system.

There is a tendency in some circles today to belittle competition in the business field, to thwart it and subdue its compelling force in one way or another. I hope this philosophy never enters the Canadian banking picture because, if it does, the Canadian people will be the losers. As you look around this table today at the general managers of the other banks, I realize there is not one who would not be glad to take my best account from me—and I would willingly take his, if I could.

It is this healthy competition that has driven back the physical frontiers of banking, encouraging us to follow the pioneers into newly-developed areas. It has set the pattern for branch openings in areas which, without a branch banking system, would lack the resources, and perhaps the population, to support a purely local bank.

There is now a branch bank for every 3,340 Canadians—men, women, and children—and whether they live in a big city or a rural hamlet, they have the same wide range of banking services. Whether it is a small branch or a big one, and no matter where located, all the resources of that bank it represents stand behind it.

Banking is an ancient and honorable profession, one that has changed in degree but not in essence over the centuries. Yet it remains one of the most challenging of careers because, privately, it is a continuing and fascinating adventure in human relationships. I sometimes think that one can make a mistake by continually emphasizing the security in employment in their offers. Certainly we offer security, but more important, we offer opportunity.

Security in itself does not necessarily attract the right type of young man. Rather, I think, we want young men who look on banking as a career that offers a good deal in the way of rewards—pleasant and congenial work, a place of respect in the community, and, for those who have ability, drive, and ambition, well-paid and responsible positions. I think we value the opportunities that abound in banking, the continual challenge of this business, the need for individual enterprise and real. I have never seen a good banker who wasn't enthusiastic about his job, who did not regard banking as a challenge to his mental capacities. And it did not remain the economic and social significance of the work he was doing. And I have never seen a good banker who was not vitally concerned with the stability and development of his own community, of the people around him.

Usefulness of the Bankers' Association

My duties as your President during the past two years, and my closer contacts with the permanent officials of the Association, have naturally given me a wider appreciation of the useful and important work they perform. I have no intention of giving a full recital of their functions, but as it is the concern of each individual bank, it is in the aim of the Association that our banking system should be appreciated and understood and all its contacts with the public be related to this end. It is probably not generally appreciated by all members how much work arises from the Association's standing offer of reward for information leading to the arrest and conviction of bank robbers.

Fortunately, there has been some abatement of this type of crime during the past year, but it is interesting to note that $57,159 was paid in rewards and gratuities during that time.

The Association's educational work with bank staffs and correspondence courses it conducts in cooperation with Queen's University and the Shaw Schools are well known to all of us. At the end of March, 1953, 2,699 students, practically all of them employees of our 10 banks, were enrolled in the courses. The students have proven to be a great value to the banking profession and thus to the public. Perhaps the most important function of the Association is, of course, that it acts as a link between the banks and the government in all matters where the government would otherwise require to deal with each bank individually. This has been true in the past, but we hope in the future to have the banking establishment so trained that it will be able to function as one.

In a few moments you will be electing my successor. I know from experience that in a few years another like me will receive from his fellow bankers the same local support and cooperation that have been given me and for which I am sincerely grateful.

Underwriters and Distributors

Quebec Municipal, Religious and Corporate Securities

RENÉ T. LECLERC
Incorporée

THE COMMERCIAL and FINANCIAL CHRONICLE

Collier Norris & Quinlan
MEMBERS
MONTHLY STOCK EXCHANGE
CANADIAN STOCK EXCHANGE

Collier Norris & Quinlan Limited
MEMBERS
The Investment Dealers' Association of Canada
Investment Bankers Association of America

Montreal Toronto

Underwriters and Distributors

Quebec Municipal, Religious and Corporate Securities

ROGER R. BÉLANGER STOCK BROKER
MEMBER MONTREAL STOCK EXCHANGE AND CANADIAN STOCK EXCHANGE

COOPERATIVE INVESTMENT DEALERS

BÉLANGER INC.

C. B. BÉLANGER INC.
INVESTMENT DEALERS

MEMBER GOVERNMENTS-MUNICIPALITIES RELIGIOUS INSTITUTIONS
PUBLIC SERVICES—INDUSTRIES

171 VICTORIA SQUARE—MONTREAL 1
MARQUETTE 6011

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