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Some Disquieting Aspects Of the Canadian Economy

By Norman J. Alexander, General Manager, James Richardson & Sons, Winnipeg, Manitoba; and Retiring President of Investment Dealers' Association of Canada*

A blunt year-end briefing on problems and challenges facing Canada and on the improved climate for saving and investing is made by Mr. Alexander. After listing changed conditions affecting Canada's future growth, the head of Canada's investment dealers calls for: (1) concessions by labor, industry, business and government making "unselfishness . . . an economic virtue"; (2) greater industrial efficiency and diversification; (3) development of small home market for secondary industry without hampering export trade by tampering with tariffs; and (4) increased domestic capital formation and less consumption. Affecting security prices until they are solved, he concludes, are the problems of increasing exports and reducing unemployment.

A year ago when I took office as your President considerable progress had been made in re-establishing the Canadian dollar on a sound basis through allaying fears of inflation and thus restoring public confidence in Canada's financial structure.

Norman J. Alexander

It is unnecessary for me to discuss the background of the inflationary conditions. By June of last year the Canadian economy was well along the road to recovery from the recession; there had been no increase in the money supply for a period of nine months and the Minister of Finance was firmly embarked on a course towards balancing the Budget.

Unfortunately, the public at that time hardly seemed aware of Canada's improved position and certainly did not appreciate the significance of the favorable developments that had occurred. Our Association stated that some public enlightenment on these matters was essential. We were, therefore, pleased when the Minister of Finance in a series of candid statements brought to the Canadian people a clearer understanding of the situation. The public was told both of the country's improved financial strength, some of its economic problems and of the government's determination to maintain a sound dollar.

Happily, in his budget speech this year, Mr. Fleming was able to project a budget surplus of $12 million and non-budgetary requirements of some $225 million. On this basis net cash requirements for the fiscal year, including the C.N.R., will be about $210 million. This is in sharp contrast to the overall cash requirements of $900 million in the 1959-60 fiscal period and $1,273 million in 1958-59.

Now, where do we stand and where do we go from here?

Changed Conditions Affecting Canada

Throughout the world the postwar period has been one of rising prices promoted largely by a varying degree of inflation, but the experts are almost unanimous in the opinion that today the inflationary trend is over for the foreseeable future. Even during the recent upturn in business activity in most Western Democracies, the index of prices of raw materials has remained almost constant while prices of many foodstuffs have fallen.

In Western Europe, in Great Britain, Japan, North America and elsewhere, there is surplus productive capacity, much of which is highly efficient and employing the most modern of techniques. Today, the competition for export markets, in both raw materials and finished goods, is intense — more so than in the memory of most of us here.

During the postwar period government, business, industry and labor have all been conditioned to rising prices. It is not going to be easy—particularly in North America — to readjust both our attitudes and practices to the almost strange condition of relatively stable prices.

Concessions, some of which may not come easily, will have to be made by labor, industry, business and by government. Putting it more bluntly, unselfishness, of necessity, is going to have to become an economic virtue.

Man's store of knowledge is increasing at an accelerating pace. The scientific discovery of today becomes the technician's problem overnight and its use the commonplace of tomorrow. In the drive for higher standards of living for all peoples, the limiting factor will not be scientific and inventive genius—it will be capital. In an increasingly technical world the cost of commercially exploiting scientific developments will become progressively greater as will the penalties of obsolescence. If this view is correct—that capital is the key factor in our drive for greater productivity and a higher standard of living —it is clear that our industry has a vital role to perform.

What is our position with regard to this commodity "capital"? Canada continues to grow and if the Gross National Product is taken as the yardstick then the growth is rapid. If, however, the increases in GNP are related to the growth of population and "per capita" growth used as the yardstick, then our growth is far more moderate.

Capital expenditures in 1960 are estimated at $8.7 billion which is equivalent to nearly 24% of the anticipated GNP of $36.7 billion. Our capital expenditures expressed as a percentage of the GNP have declined from 27% in 1957 to the present 24%. Nevertheless, with capital expenditures nearly equal to a quarter of our GNP it is obvious, I think, that we must take pains to make the most effective use of the capital resources at our disposal.

Despite the fact that Canada is saving at a rate that is higher than most other countries in the Western world, we have not been able to finance our entire capital growth ourselves. This condition is not a new one for Canada, nor for that matter for other relatively highly developed younger nations.

Problem of Foreign Economic Control

It is economically sound to increase productivity by supplementing domestic savings with foreign capital. However, it must be recognized that the importing of capital introduces problems. One of these is the question of foreign control of domestic industry and resources and it is interesting to note that other young countries, such as Australia, are studying the impact of the use of imported capital and the advantages of home ownership of industry to as large an extent as possible.

Canada's economic development could not have proceeded at such a rapid pace without the injection of foreign capital. Imported capital will undoubtedly continue to be an important factor in our future growth but it should be our aim to provide a growing proportion of our capital needs ourselves. Of course, the ideal position would be for us to provide all our own capital and to become a creditor nation. Such a condition, however, is still years away.

Canada's present debt position is sound. I am not going to bore you with a whole forest of figures but for those who are statistically minded I commend Mr. Fleming's Budget Speech with the accompanying "White Paper" as reported in Hansard of March 31st.

On a per capita basis, our Federal debt has been declining consistently for years. The actual figure of Canada's direct debt at the end of 1959 was $700 million lower than at the end of 1945 and, during this period, our population has increased by 40% and our G.N.P. nearly tripled.

Increasing Domestic Capital Formation

While our external debt has grown rapidly, consolation can be taken in the fact that the net cost of servicing this external debt in relation to our G.N.P. is declining. In 1959, it was just under 1½%.

However, we must endeavour to finance more of our growth domestically — in other words — increase our rate of savings. With the present trend towards the welfare state, this is a difficult thing to achieve.

Thirty years ago the cost of Government at all levels equalled about 10% of our total national output. Today it is 30%. Although it is to be expected that as our economy expands and our population grows the cost of Government will rise, clearly it is rising

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Canadian Natural Gas and The Transmission Industry

By J. W. Kerr, President, Trans-Canada Pipe Lines Limited*

Favorable outlook view for the Canadian gas industry in general and Trans-Canada Pipe Lines in particular is based on considerable evidence presented by Mr. Kerr whose firm services two-thirds of Canada and several American transmission companies. Matching postulated figures on increasingly growing proven reserves to sales figures, Mr. Kerr's analysis sees the effect of this containing the wellhead price and assisting future sales to U. S. markets. Besides depicting an encouraging short and long-term market prospects, the Trans-Canada head discusses the profits and cost picture resulting from increasing volume; hopes our F. P. C. will soon allow sales to Tennessee Gas Transmission Co. at Niagara Falls; and details his firm's future plans. The most important imponderable looming up is said to be the necessity of resolving regulatory policy in direction of liberal rate of return.

The natural gas industry and Trans-Canada's role in the industry is a subject with many facets and complexities. I suppose the complex and broad scope of this industry is inevitable and inherent, particularly when we realize that its development on a national scale, and its rapid expansion has just been under way for a very few years, even though natural gas was first discovered 77 years ago in southern Alberta. It was back in 1883 that construction crews of the Canadian Pacific Railway discovered natural gas when they were drilling for water. We can be sure that in those days, such aspects of their discovery as development of reserves, economics of transmission, load factors, rates of return, regulation and a wide variety of uses for this new form of energy, never entered the minds of those construction pioneers. And, of course, such additions to our modern business vocabulary as billions and trillions of cubic feet of gas, and big-inch pipelines and remote controlled gas turbine compressor stations were not even in the dream stage until recent years.


J. W. Kerr

Until recently, the natural gas industry development and growth lagged far behind the growth of other energy industries. In fact the early history of the industry is really paradoxical because, not many years ago, oil well drillers found that pockets of natural gas were a nuisance rather than a marketable form of energy. Many gas wells were capped and not even recorded, and we will never know how many millions of cubic feet of natural gas were flared off. At the present field purchase price of 13½ cents per thousand cubic feet those spectacular flares represented quite a few dollars of attractive assets. Since then, of course, government supervised and industry sponsored conservation practices have corrected this waste of energy and all discoveries are capped for future demand.

It is now factual to say that Canada has a very abundant supply of natural gas energy, and the creation of pipeline transmission systems makes this energy available from British Columbia to Quebec. Forgive me if I mention Trans-Canada too often, but it truly is a major factor in the development and recent growth of our industry.

Recalls Gas Industry's Start

In 1951 the Province of Alberta decided there was enough gas for their own needs, and that there would be a small amount available for sale outside the Province. Shortly after that decision was made, imaginative Canadian and American businessmen conceived the idea of connecting the now plentiful gas fields of Alberta with the Eastern Canadian markets; this was a risk capital venture that is now proving to be of prime importance to our Canadian economy.

When we are in the St. Lawrence Valley, where so many reminders of our early Canadian history still exist, we can easily recall that Western Canada was first opened up by explorers of the Northwest Company and the Hudson's Bay Company late in the 18th Century. About a hundred years later the railways pushed through to initiate a national economy. Now, halfway through this Century, the pipelines have created a most important link, or vehicle, for the connection of a very important part of Western Canada's economy with growing markets in Eastern Canada.

It was only six years ago, in 1954, when Trans-Canada received its first permit to export natural gas from Alberta to Eastern Canada. I am sure that many are reasonably familiar with the story of the initial construction of the system which stretches from the Alberta - Saskatchewan border, 2,294 miles to Montreal. It is now gratifying to us that a great many of the young Canadians who became associated with this major engineering and construction project, and who left various walks of life with a variety of professional experiences, today hold positions of senior responsibility in the operation of the system. Many of these men were on the team that completed the initial project for less than the estimated capital expenditure, and who made the final weld at Kapuskasing possible by Oct. 10, 1958, well ahead of the scheduled completion date. Perhaps this final weld will one future day be likened to the driving of the last spike in our great transcontinental railroads, and prove to be a dramatic milestone in the history of Canada's economic growth and industrial development.

Tremendous Rise in Proven Gas Reserves

During 1954 when Trans-Canada, and the other main Canadian gas transmission system, the Westcoast Transmission Company were in the formative stage, the reserves of natural gas in Alberta were estimated to be 13.4 trillion cubic feet. Two years later, in 1956, these Alberta reserves had been increased by 35% as a result of new discoveries. By 1958 they had been increased 50% above the 1954 level, and right now these proven reserves are at least 27 trillion cubic feet, more than double the volume established in 1954. When we add proven reserves of British Columbia, Saskatchewan and Ontario to the Alberta figure, we get a total proven reserve of more than 30 trillion cubic feet. This natural gas reserve picture is significant in many ways. In the first place, the future of our domestic and American export business exists because this is already a very abundant reserve, and secondly the rate of new discoveries is realistically expected to be at least 2 trillion cubic feet per year. By 1989, it is forecast that Canada will have a reserve of 92 trillion cubic feet, three times the present volume. This is probably a very conservative estimate because the Canadian Petroleum Association, backed up by competent geology, estimate the reserves will total 300 trillion cubic feet by 1989. It is reassuring, however, that the National Energy Board recently confirmed their belief that the reserve 30 years from now will be at least 92 trillion cubic feet. It is also important that the reserve picture is dynamic and not standing still, because the short-term and long-term market prospects provide the incentive to the producers to continue exploration and drilling.

A Matter of Surplus Reserves

It is interesting to look at the anticipated disposition of these reserves of 30 trillion cubic feet to market. The Energy Board believes that Canada will require 21 of the 30 trillion feet of presently established reserves. This leaves a surplus of just over 9 trillion feet, and just over 8 trillion feet will be required to back up the presently approved American export contracts, After adding the 21 trillion for domestic use, and the 8 trillion for export, and deducting the total of 29 trillion from the reserve of 30 trillion feet, we find that right now this is 1 trillion cubic feet surplus to all known requirements. This surplus by itself is a tremendous volume of energy, but 30 years from now this surplus is estimated to be 46 trillion cubic feet because of the rapid new discovery rate that is expected each year through 1989.

As a point of interest, we in Trans-Canada now have about 8 trillion cubic feet of gas under contract with producers in Alberta, and this is a plentiful supply because it is about 10% more than the volume represented by all our sales contracts in both Canada and the United States. It is also interesting that our contracted supply is increasing almost every week because additional drilling has been done in fields where we are now contracted, as a result of our Eastern Canadian and our American sales programs becoming more firm.

Effect on Wellhead Price to Aid Sales to U. S. A.

It is, of course, not possible to accurately predict the cost of future additional purchases of

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Canada and America Face A New World Trade Force

By Henry C. Alexander,* *Chairman, Morgan Guaranty Trust Co. of New York*

Brought to the fore are basic disquieting factors in the economic climate that becloud a sound, bright economic future. Solutional approach offered would have the partners of the 49th parallel unleash the forces of world trade and combat anti-trade resurgence. Taking a warily circumspect view of emerging trade groupings, such as the ECM, and international price and export credit competition, the banker suggests what both countries should do together and what we should do alone. Recommended are (1) suspension of increased tariffs by custom unions; (2) strict observance of most favored-nation principle; and (3) combating trade restriction instead of forming a U. S.-Canada counter-bloc. Mr. Alexander urges we increase our exports by pricing ourselves into more markets, and he cautions we cannot afford the luxury of inflation in view of our balance of payment problem and vulnerability of our gold to foreign claims. He prescribes keeping fiscally and monetarily sound, and, avoiding recessions and excesses that cause them.

As we come to the mid-point in this first year of a new decade, 1960 seems to have identified itself as the year of great expectations, not quite realized.


Henry C. Alexander

Thus far a good year, in fact a very good year, by any standards except those which were initially set for it. The fact that our first half hasn't been so breathless as anticipated need not, I think, because for any great lamentation. Certainly it has lessened the danger of inflation, and it may well have stretched out the period of recovery and expansion, and therefore perhaps put off somewhat further into the future the next phase of downward readjustment.

By not having a boom, in other words, we may have gained a sounder basis for a more prolonged period of generally vigorous activity. This is not guaranteed, but there are still promising signs. Our businessmen continue to sponsor substantial programs of plant modernization, sustaining the capital expenditures sector. Consumers are buying confidently, though not all that our factories are able to turn out. The ongoing boom in Western Europe is helping us. The stock market for a while was taking some second looks, but that's a rather good thing for the stock market to do now and then.

True, some elements in our situation must be viewed with concern. Unemployment remains stubborn in certain areas. The flow of new orders to manufacturers is still sluggish in relation to current sales. This is reflected, for instance, in the comparatively modest rate at which steel production has gone on for the past few months. Also, some spottiness is noticeable in corporate profits. All these factors must be recognized as qualifiers to the generally encouraging prospect for the rest of the year. And I believe I should add one more qualifier. That is the fact that an appreciable segment of business sentiment in the United States has distinct reservations about the outlook. The mood of hesitation which began in bad weather has not disappeared in good weather.

The Future Can Be Bright

Thus the initial exuberance of the "Super 60s" has been tempered. Even so, the years of the new decade hold a bright prospect for both our countries. The materials are at hand for sound economic growth — a rising population, rich natural resources, a creative technology, an improved financial structure. Looking beyond our own borders, we can see opportunities shaping for new breakthroughs by the free world, matching in significance even the dramatic strides made during the past decade. In the extension of trade, in the building up of newborn or newly awakened economies, in the establishment through economic progress of a more solid basis for world security, these coming years can bring historic accomplishments, if we are alive to the possibilities and alert to the dangers and difficulties.

The shadow of the great international uncertainty hangs over our hopes. As human aspirations once more came tumbling down from a summit last month, we were reminded again how futile it is to expect any easy casting off of the burdens of defense or any dependable truce in the cold war. In this uneasy world, we shall have to live with our tensions, and do our work in full awareness of them; tranquilizers would be fatal.

The economic climate in which we must work out this challenging future is distinguished, it seems to me, by a few dominant characteristics which we must keep clearly in mind. First, I think we must accustom ourselves to a somewhat tighter - fitting monetary framework. Speaking for the moment specifically of conditions in the United States, I believe we are pretty well out of our long period of super-liquidity, a period which lasted some three decades, comprising depression, war and postwar.

We emerged from World War II with a greatly enlarged monetary structure. Only now has our economic activity grown up to fit it. The fitting process, unfortunately, has involved a considerable amount of padding. This has taken the form of cumulative price inflation, more or less permanently built-in. Little or none of it was squeezed out during the periods of business contraction.

Latterly we have been fairly successful in avoiding further inflation. Our circumstances make it imperative that we continue to avoid it in whatever form—creeping, crawling, or galloping. Our well-advertised balance - of - payments difficulties do not permit us to experiment with even "a little inflation now and then."

This firmer discipline pressing on us at home—reinforced by the monetary discipline being practiced abroad—is another reason I feel we will be wearing a snugger suit of monetary clothing in the years ahead. We probably should expect interest rates to move within a range higher than we became ccustomed to during most of the past three decades. What was considered high during that period will probably be considered nearer normal. But snugger clothing does not mean a straitjacket — such a level of rates would not impede healthy growth. The central banking system still has flexibility to tailor both the cost and the availability of credit to the needs of the economy.

Vulnerable to World Gold Redemption

Under certain circumstances, however, that flexibility could be cramped somewhat by the new realities of the world monetary situation and our place in it. I would cite the change in this situation as the second of the significant characteristics emerging in this period and vitally affecting our economic future.

The new order of things is apparent in the strengthening of many foreign currencies. In this strengthening we can read from abroad the whole story of revitalized production, aggressive selling, and the checking of inflation through use of bold and wise monetary measures. The net effect for us is a stripping away of the insulation which shielded our monetary structure from outside influences during those years when there was no widely acceptable substitute for the dollar. Today we stand exposed to the forces of a world money market.

For this reason, the very sizable holdings of United States dollars by foreign owners, built up over the years of our payments deficit, can not be ignored in the deliberations of monetary policy makers in our country. Those holdings are redeemable in gold to the extent that they are owned by foreign governments or foreign central banks. We cannot afford to create conditions that would prompt such official owners of dollars to present undue quantities of them for redemption. In the event of another recession in the United States, as the Federal Reserve and the government authorities move to apply corrective measures, they will have to consider carefully what effect their actions may have on the standing of the dollar among the currencies of the world.

Again, this does not mean a straitjacket. We have seen in recent weeks that the Federal Reserve still feels free to lessen restraint when it judges that course is indicated. Nevertheless, a new limiting factor on freedom of action now exists. We may never bump against the limit, but we should know it is there.

Must Avoid Recessions

And, from the knowledge that it is there, we should take some warnings. First, we must do a better job of avoiding recessions —including avoidance of the excesses that bring them on. The longer we can do this, the longer we shall avoid the dilemma which is the traditional nightmare of central bankers in countries where large quantities of international reserves are lodged. Second, we must show the world an unfaltering commitment to fiscal and monetary soundness in order to keep high the confidence of our short-term creditors. Third, we must improve our position by making substantial further progress against our payments deficit before the next recession comes. Since no one knows when it will come, we must press this matter vigorously and without letup.

Present estimates are that our foreign payments this year will exceed our receipts by something between \$2 and \$2½ billion. This would be a deficit considerably below last year's level — an improvement but not a cure. Our goal must be a situation which over a reasonable period approaches true balance. Then we view without alarm the year-to-year fluctuations to either side of

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U. S. Chemical Exports— Problems and Trends

By Wesley Wickersham,* Vice-President, Allied Chemical Corp. International Division, New York City

The six-and-one-half fold rise in U. S. exports of U. S. chemicals and related products since before World War II seems likely to continue to increase—particularly for products characterized by low labor and transportation costs as well as those that are advanced and complex. Other observations made by Mr. Wickersham, after describing the changing patterns and problems of export sales, deal with: (1) increasingly severe competition coming from Europe and Japan; (2) the trade barrier problem of the ECM; and (3) continuing trend of U. S. chemical companies to export know-how and export capacity.

The character of the export business has undergone some rather noteworthy changes since the 1920's and 1930's. These may be attributed principally to the following:

Wesley Wickersham

(1) The world-wide exchange controls which originated with Great Britain's suspension of gold payments in September, 1931 and developed during and since the Second World War.

(2) The change of attitude towards credit arising out of the seller's market conditions which existed during World War II and the postwar period.

As a result of these developments, pre-war policies of stocking abroad, extending open account credit, selling in local currency and settling forward exchange to match collection expectations disappeared from the United States exporter's bag of tools. For example, in the 1920's and 30's, my company, in common with others, maintained its own branch offices in a number of foreign countries, notably Japan, China and India, where we stocked material and sold in local currencies. As sales were made, exchange was settled forward to provide conversion to U. S. dollars. In fact, I can remember in China alone selling in several different local currencies such as Shanghai taels, Hongkong dollars, Tientsin taels, Hankow taels, and Newchwang taels. These were then traded against each other and finally converted for remittance to New York in U. S. dollars. The tael was a weight of silver and was spelled "t-a-e-l."

However, with the advent of World War II, we drifted away from the traditional practice of taking our goods to market and relied on the market coming to us. We could do this and get away with it because we had the export market pretty much to ourselves due to the war's effect on the productive capacity of Europe and Japan.

Traditional Selling Returning

This condition has radically changed. The European and Japanese chemical industries are rebuilt. They are today more vigorous and more modern in equipment than ever before, and the pressure of their competition is probably the toughest problem the U. S. exporter has to face. It is, therefore, only natural that there has been a growing trend back to stocking abroad and to lengthening credit terms. Thus, we see that selling conditions are partially reverting to the traditional.

However, exchange controls remain throughout large underdeveloped areas of the world and prevent free conversion of local currencies directly into dollars. Consequently, it is not yet practical to return to a standard of sales in local currencies unless one can utilize the proceeds for local expenses and investment, or can convert them to dollars indirectly through so-called switch or triangular transactions.

Other features which are particularly important as background material in considering the export business are:

Firstly, the multiplicity and variety of problems and situations encountered necessitate specialized experience and versatility in the conduct of business. Later in this paper I will go into greater detail regarding some of the principal problems.

Secondly, an understanding of the psychology, manners and methods of the various peoples and races with whom one deals, and an ability to adapt one's dealings accordingly can contribute greatly to successful selling. United States sales techniques are excellent and highly effective, but sometimes an adjustment of these techniques is required to secure satisfactory results in export selling. We should not assume that what is most suitable for us is invariably most suitable for others.

Thirdly, large areas of the world, such as Eastern Europe and China, are for political reasons partly or wholly closed to us as markets.

Fourthly, U. S. exports of chemicals and related products increased from $160,000,000 in 1925 to $249,000,000 in 1940, and to $1,631,000,000 in 1958, that is to say more than tenfold in 33 years and more than 6½ times since before World War II (source: Stanford Research Institute).

With the foregoing remarks as background, let us now consider some of the characteristics of export selling today.

Mechanics

In the area of mechanics, much more can be said and written than time permits. Moreover, I do not intend to go into the multitudinous details of promotional methods, order processing, traffic and credit work. However, an important fundamental to be borne in mind is that there are four basic sales routes:

Firstly, through one's own sales branches abroad.

Secondly, through local distributors, agents, or authorized dealers abroad.

Thirdly, through independent U. S. exporters.

Fourthly, direct to consumers or independent importers abroad.

In Allied Chemical, under present world conditions, we prefer a variation of the second route, namely, selling through exclusive distributors abroad, supported by our own branch offices or field men appointed for promotional, technical and liaison work. Principal advantages of this system are:

Use of distributor's local knowledge, contacts and influence.

Identification with local nationals.

Limitation of credit risks, assuming selection of sound distributors.

Support and stimulant effects from one's own local branch offices and field men.

Maintenance of direct contact with foreign markets and intelligence channels through local branch offices and field men.

My company has, at present, offices in Mexico City and Europe, and field representatives in South America and the Far East. These have proved highly effective in helping our distributors, stimulating their efforts, and keeping us abreast of local developments.

Conduct of traffic and transportation matters is a vital part of export selling and is today more important than ever before in view of the high cost of shipping out of United States ports compared with shipping out of Europe and Japan. A good traffic man, by developing cheaper ways of transporting goods overseas, can sometimes make the difference between being competitive or non-competitive in export markets. The traffic department is, of course, also responsible for moving goods from inland plants to ocean ports of shipment and, here again, ability to find the cheapest way to ship can contribute materially to ultimate pricing of the goods involved, especially when they are low unit priced chemicals.

Problems

In addition to the usual problems encountered in transacting business, there are a number that are peculiar to the export field. The following are some examples:

(1) **Local currency restrictions and controls.** During the past year or so, considerable progress has been made toward freedom of exchange in a number of countries, particularly in Europe. However, restrictions remain in large areas of the world and are a serious obstacle to sales. These are primarily due to continuing shortage of U. S. dollars, especially in Asia and Latin America.

(2) **Local duties and restrictions on imports.** These are designed to provide revenue for the local government, discourage imports of non-essential goods, protect local industries, or favor goods from one country of origin over those from another, and they often assume prohibitive proportions.

(3) **Lack of stability or uniformity in prices and credit terms.** These can vary and fluctuate widely between different markets and even between different customers in the same market. We do not encounter the stable market prices that exist in the United States, and frequently one has to feel one's way towards a final price quotation in order to get the business.

(4) **World-wide sources of competition.** In the export business we are competing with all the producing countries of the world, many of which have substantially lower costs of labor and raw materials than ours. Moreover, to some of them, export sales are vital. They must export to live and will, so to speak, bend over backwards to secure the order. As a result, competition in prices, terms of sale and contingent facilities is most severe in the export field. In some countries, for example, the United Kingdom and Western Germany, the government plays a part and supports exporters by supplying credit and other insurance.

(5) **Ocean freight rates.** The high cost of shipping from United States ports compared with freight rates out of Europe and Japan is tending to price U. S. exporters out of world markets where low unit priced products are involved.

(6) **Political and economic fluctuations.** These can be rather violent and sudden, and can seriously disrupt the best of sales plans. They can also seriously affect collections no matter how sound the credit standing of one's customers in the country concerned.

(7) **The changing pattern of export sales.** The growing sense of nationalism and national pride throughout the world is resulting in rapid local industrialization, especially in Latin America and parts of Asia. This very naturally leads to a change in the product pattern of U. S. chemical exports. Some countries which used to import basic chemicals now produce their own, thus closing out a market for U. S. producers. At the same time, their standards of living rise as their industrialization progresses, and they then become customers for more complex and sophisticated products.

While discussing the pattern of chemical export sales, it is inter-

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Mr. & Mrs. Eric Morse, *W. C. Pitfield & Co., Ltd.*, Montreal, newly elected President of the *Investment Dealers' Association of Canada;* Mr. & Mrs. James J. Lee, *W. E. Hutton & Co.*, New York City, *President of the Investment Bankers Association of America*

The Honorable Onesime Gagnon, *Lieutenant-Governor of Province of Quebec;* Norman J. Alexander, *James Richardson & Sons,* Winnipeg; *President of the Investment Dealers' Association of Canada;* In rear, Gabriel Taschereau, *ADC to Lieutenant-Governor*

In Attendance at Convention

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DEMPSEY, J. B., II
Dempsey Canadian Newsletter
Cleveland

Continued on page 8

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In Attendance at Convention

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McELHINNEY, J. D.*
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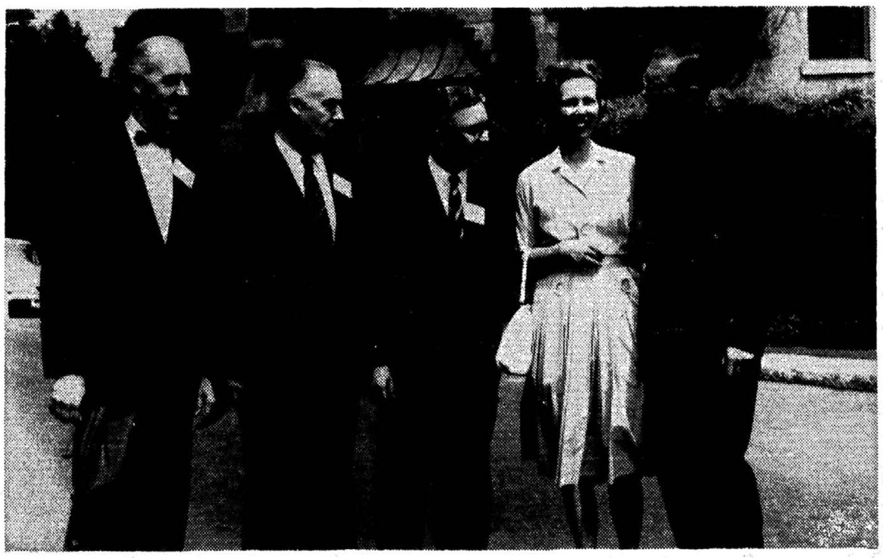
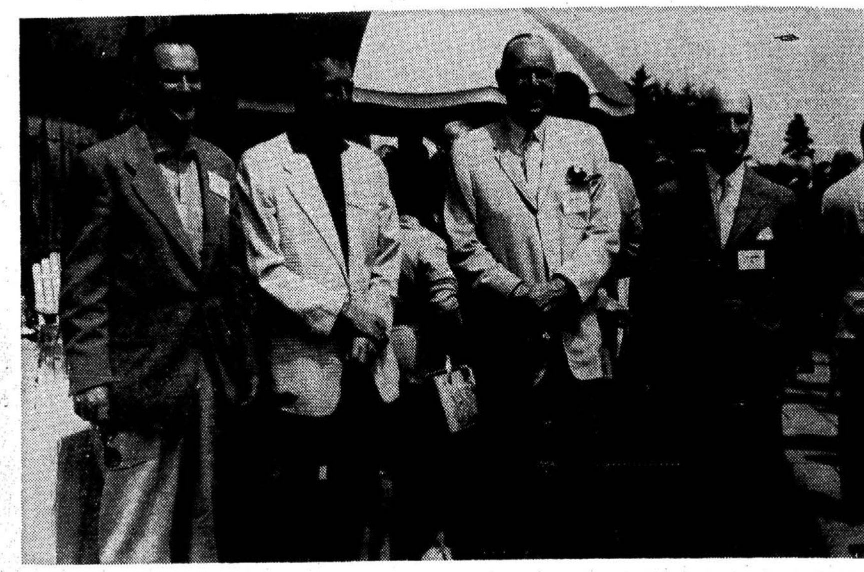


Jim Cadman, *Royal Securities Corporation, Limited*, Toronto; J. Edgar Hill, *Royal Securities Corporation, Ltd.*, Montreal; Jack R. Wright, *Carlile & McCarthy, Ltd.*, Calgary; Mr. & Mrs. John Penny, *Royal Securities Corporation, Ltd.*, Toronto



Jack Brookes, *Greenshields & Co., Inc.*, Montreal; S. E. Spafford, *Cornell, MacGillivray, Ltd.*, Halifax; Tom Hockin, *Isard, Robertson & Co., Ltd.*, London, Ont.; E. D. Goulding, *Goulding, Rose & Co., Ltd.*, Toronto

Canada and America Face A New World Trade Force

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zero that naturally will continue to occur.

When we propose measures — whether concerning trade or aid —which are especially important to us because of our balance-of-payments problem, we trust our friends among the nations of the world will see their stake in our problem as we have tried in the past to see our stake in theirs. I know our efforts to reduce the foreign payments deficit are understood in Canada, because there is a payments problem here too and it is being widely discussed. While the basic causes of the problem are different here, and the consequences take a different form, I believe both our countries must find the solution principally in the same way—namely, by a substantial strengthening of their respective positions as exporters of goods.

Really Improving Our Export Balance

We both have been experiencing a notable improvement in export volume during the past two or three quarters. Some of this is solid progress, but some results from special and temporary factors. The improvement we need is broader and more fundamental. To achieve it, I submit, is the crucial task for both of us at this time. But, I must emphasize its special difficulties. To my mind, they constitute the third of the features which distinguish the period into which we are heading. At the same time, there are hopeful roads toward solution of those difficulties.

In many lines both of us—but particularly the United States — suffer from being high-cost producers in comparison with many of our competitors. This pushes us more and more into the position of marginal exporters, able to sell large quantities of goods when the world is booming and other countries are using more than they can produce for themselves, but left out of the market when demand settles down. This is not a satisfactory situation — we can't live on cream alone. There isn't enough of it.

Some people say we have priced ourselves out of many export markets. Some say we have not. Quibbling of this kind is both futile and negative. We should be looking for ways to price ourselves into more markets. It won't be easy. It won't be possible at all if every increase in our productivity is to be swallowed up by an increase in wage rates — sometimes, indeed, swallowed up in advance. Nor is it likely to happen until we stop wasting our human resources by tolerating deliberate inefficiencies all the way from the production line to the executive suite.

Dangers in Export Credit Guarantee Competition

Besides competing in price, in quality, in service, and in salesmanship, our exports are faced with competition in terms of credit. We bankers frequently hear it suggested that the only way to get into some markets is to lend our way in. The willingness to take credit risks often determines a seller's ability to land the order. Many of these risks are too broad from the standpoint of creditworthiness, or too long in terms of time, for commercial banks to assume or even to share. Some are even beyond the prudent ability of the exporter to take on as a calculated business risk. If the latter kind are to be borne at all, they can be borne only by governments using the massed resources of their taxpayers to promote exports as a national objective.

Governments, our own included, are doing this in a variety of ways — through loans, insurance, and guarantees. We should realize that there are dangers of excess in the unreasoning scramble which credit competition sometimes becomes. It is easy to lose the distinction among risks that should be taken by business, those that should be taken by governments, and those that shouldn't be taken at all.

Price competition and credit competition, formidable as they are, are not the only reasons for concern about the future of our countries as exporters. A new force has arisen in world trade — one which must affect, for better or for worse, the ability of countries like Canada and the United States to sell their goods in foreign markets. This is the emergence of regional trade groupings, like the European Common Market and the European Free Trade Area.

Responding to Challenge of Regionalism

The regional movement has passed from plan stage to action stage with surprising rapidity. As a result, the "outsider" countries —notably Canada and the United States—find themselves with less time than they had counted on to work out their adjustments to the new situation. As a result, rather urgent attention is being given right now to the many suggestions that have been made as to what form those adjustments should take.

It has been proposed by some that our two countries should respond by forming our own North American trade bloc. Sometimes that suggestion is broadened to provide for a grouping that would include most or all of the Western Hemisphere. Conversely, there have been recommendations that we try to attach ourselves to one or the other of the European combinations, or even to both — presumably after having achieved a master stroke of conciliation between them.

I believe that taking any of these paths would be a mistake. Creating yet another or a larger trade bloc is not the way for either Canada or the United States to respond to the Challenge of regionalism. To do so, I am afraid, would greatly increase a danger that is inherent in the regional movement — the danger that parts of the free world may be sealed off, one from another,

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by a new wave of trade discrimination.

It would be idle to pretend that this risk does not exist. The customs union idea, which has been so widely applauded as a giant step in the direction of freer trade, can indeed be that. But, if perverted, it can become a step away from free trade, back toward protectionism. Tearing down the walls between the members of a group is all to the good. But the dismantled bricks must not be used to build up higher walls against the world outside.

On this side of the Atlantic, governments and individuals alike have cheered the trade group idea for Europe from the outset. For my part, personally, I have consistently joined in the cheering. To a considerable extent, North American enthusiasm for the idea was based on its implications for political harmony in Europe. But we also emphasized the favorable trade aspects—the lowering and eventual elimination of internal barriers, with the promise of greater productivity, higher living standards, and expanding markets for our own goods. We hoped—and still hope—that the possibility of an opposite tendency, a pulling away from trade liberalism in external policy, would never materialize.

GATT Will Offer a Clue

That hope is approaching the time of test. The forthcoming negotiations under the General Agreement on Tariffs and Trade should give clear signs of which way things are going. For the first time the six countries of the Common Market will be bargaining as a unit—a unit, by the way, which accounts for approximately the same proportion of the free world's exports as do Canada and the United States combined.

The role of our two countries in these negotiations can be crucial. And our stake in them is vital. Traditionally we both have "played the field" as multilateral traders. We both have exerted strong world influence in the direction of more active trade. This, I am convinced, is the role we must continue to play — and we must play it with positive programs, not with sniping counter-punches. Confronted by new and powerful trade groupings, we must insist on measures calculated to realize the best potentials of those groupings and to avoid their worst dangers. We must show our continued determination to increase and broaden trade—our resolution to sell more goods to the world, our willingness to accept more of its goods in exchange. We must, each of us, seek as a national goal the achievement not merely of balance in our international transactions, but of balance at constantly higher levels. Balance alone is a static idea; our concept of trade must be in terms of growth.

As means to these ends, we can urge the suspension of customs union rules which would require any member nation to raise tariffs at this time. We can press for strict observance of the most-favored-nation principle by each trading bloc as a whole. We can firmly resist trade discrimination wherever it rears its head, even though we may not be the immediate victim. And we can give clear assurances that it is our intention to keep moving toward more liberal trade just as fully and as fast as the cooperation of our trading partners enables us to do so.

For Canada and the United States to form a counter-bloc as their response to the European groups would have the look of retaliation, of expecting the worst from Europe and meeting it in advance with more of the same. We do not have reason to abandon this early our hopes for a good outcome from the developments that have occurred among the European nations. If the regional movement should disappoint us, should turn out to be only a glorified form of the old protective game, then we might have to devise counter-measures. But, under present conditions, anything smacking of retaliation would be provocative and ill-advised. Instead, our stance should be one of active and unmistakable concern, expressed through aggressive, relentless negotiation.

If we are to negotiate, we must be prepared to give as well as to take. It will not be easy to find areas in which we can make substantial further concessions without casing pain to industries that already feel they have legitimate grounds for complaint. A high degree of discernment and a realistic balancing of values will be needed at every stage of our trade bargaining. Trade looms as one of the most delicate areas of diplomacy in the years just ahead.

Exporting Plants Provide No Solution

I have not spoken at all of the principal means by which North America thus far has moved to meet the challenge of regional trade blocs. This has been the drive by individual companies, especially in the United States, to set up production in the Common Market, or in the Free Trade Area, or in each. Both the threat of tariff discrimination and the need to reduce costs have prompted this trend. For individual companies it has represented logical business strategy. We can expect to see a good deal more of it. By itself, however, this approach is not an adequate answer to trade regionalism, any more than it is an adequate solution to

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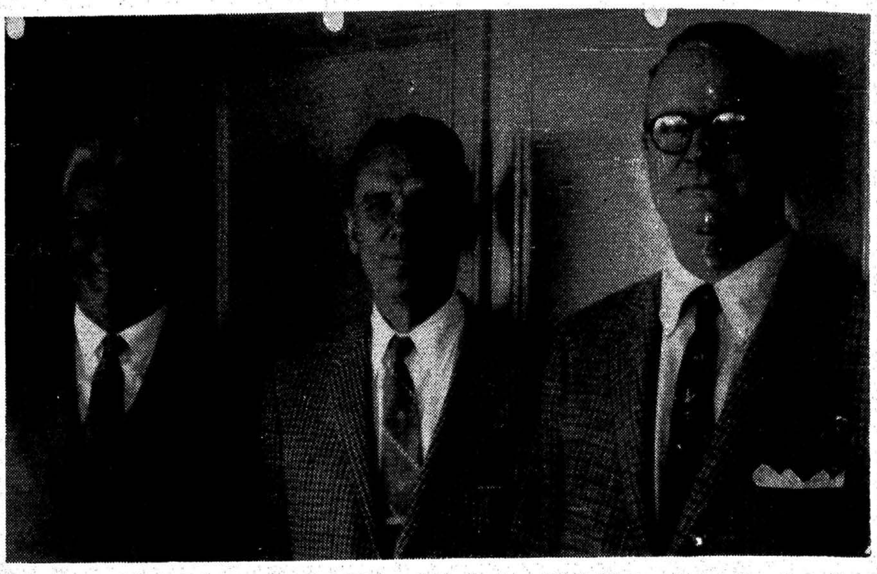

Allan Chippindale, *Calvin Bullock, Ltd.,* Montreal; James Lee, *W. E. Hutton & Co.,* New York City; Murray Hanson, *Investment Bankers Association of Canada*

Canada and America Face A New World Trade Force

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the problem of our excessively high production costs here at home. Exporting plants and jobs is only a limited substitute for exporting goods. While we continue to put plants abroad, and license patents and processes for use there, we must also keep the channels of trade open for goods produced here at home, and produce goods that will be able to compete — both in price and in quality—in open markets.

Thus far I have been viewing the problems of trade principally in terms of the national interests of our two countries. The implications are much wider. The free world, however we may define the race it is running with the Communist world, needs the thrust of a lively and growing trade among its own members.

In all this, I believe, the broad role for Canada and the United States is to labor mightily to unleash new forces of world trade and to combat any resurgence of the spirit of anti-trade. The thought will occur to some that the place to practice this is close to home, along the 49th parallel. Indeed it is. But our continental difficulties take on a somewhat different perspective against the magnitude of the problems we face in common in today's world. This certainly was evident in the regular joint meetings early this year of our economic officials, where frictions between Canada and the United States received much less attention than in any of their previous sessions, and broader concerns common to both countries received more.

Our two nations have their separate destinies to work out — in the economic realm as well as in the others. Today's conditions, however, call for a new order of correspondence between us. Later this year, gas from the Canadian Northwest, piped across the continent in a Canadian artery, will flow south into markets in the United States. An arrangement advantageous to all parties. Certainly there are many more areas of possible mutual advantage, where the gains to be realized far outweigh the obstacles that both countries often have made to look so large.

Certainly this is a time for putting aside the old sensitivities and the old anxieties — ghosts of issues long since dead. Let them remain available for rhetorical use from time to time if need be, but let us not allow them to obscure the opportunities — I would even say the necessity — for an increasing amount of conference and cooperation. We can have these with no loss of identity or integrity to your country or to mine.

*An address by Mr. Alexander before the 44th Annual Convention of the Investment Dealers' Association of Canada, Murray Bay, P.Q., Canada, June 17, 1960.

Canadian Natural Gas and The Transmission Industry

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natural gas in the field, but I believe the abounding new discovery of approximately two trillion cubic feet per year will have an effect on the wellhead price. Against this discovery rate of 2 trillion feet per year, we expect that the market demand in both Canada and the United States will be close to 1 trillion cubic feet. This supply-demand ratio of two to one, along with long-term options at the present price schedule, might very well contain our cost of gas in the fields for some years to come. Certainly the supply-demand relationship, and stability of the producers' price will materially affect and control our ability to make future sales in the United States market place.

I am happy to state that our short-term and long-term market prospects are rather encouraging and, of course, our industry will not even reach the break-even point, let alone prosper and grow, without increased volume. I will have to confine my remarks on sales to the area served by our company because of lack of detailed knowledge of the British Columbia and Alberta data, but in any event the Trans-Canada system serves about two-thirds of the Canadian market.

Bullish About Sales Picture

We have just completed a five-year sales forecast based on a careful study and analysis of data provided by our 11 distributor customers from Saskatchewan to Montreal. These data indicate that our total gas sales, both Canadian and American will increase more than twofold by 1962, rising from 115 billion cubic feet this year to about 250 billion cubic feet. Looking ahead four years to 1964, we can be realistically optimistic that we will contract for additional sales to the United States by then, and on this basis expect that our sales will triple this year's volume, increasing from 115 to 345 billion cubic feet. Our sales this year will be about 60% ahead of last year, and in the first five months were 66% better than the period January through May 1959. It is gratifying that these figures are reasonably close to the original targets for our company.

On a longer term basis we concur with the National Energy Board forecast which, for the Canadian geographic areas we serve, indicates that the average annual growth rate of total sales will increase 11% over the next 10 years, and 7% over the next 20 years. All these figures assume annual growth of our economy at a rate no more than it has been during recent years when so much of our manufacturing industry has been damaged by offshore competition. The extent to which we should factor in the Soviet ability to price goods and services based on political rather than economic requirements is

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Canada and America Face A New World Trade Force

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the problem of our excessively high production costs here at home. Exporting plants and jobs is only a limited substitute for exporting goods. While we continue to put plants abroad, and license patents and processes for use there, we must also keep the channels of trade open for goods produced here at home, and produce goods that will be able to compete — both in price and in quality—in open markets.

Thus far I have been viewing the problems of trade principally in terms of the national interests of our two countries. The implications are much wider. The free world, however we may define the race it is running with the Communist world, needs the thrust of a lively and growing trade among its own members.

In all this, I believe, the broad role for Canada and the United States is to labor mightily to unleash new forces of world trade and to combat any resurgence of the spirit of anti-trade. The thought will occur to some that the place to practice this is close to home, along the 49th parallel. Indeed it is. But our continental difficulties take on a somewhat different perspective against the magnitude of the problems we face in common in today's world. This certainly was evident in the regular joint meetings early this year of our economic officials, where frictions between Canada and the United States received much less attention than in any of their previous sessions, and broader concerns common to both countries received more.

Our two nations have their separate destinies to work out — in the economic realm as well as in the others. Today's conditions, however, call for a new order of correspondence between us. Later this year, gas from the Canadian Northwest, piped across the continent in a Canadian artery, will flow south into markets in the United States. An arrangement advantageous to all parties. Certainly there are many more areas of possible mutual advantage, where the gains to be realized far outweigh the obstacles that both countries often have made to look so large.

Certainly this is a time for putting aside the old sensitivities and the old anxieties — ghosts of issues long since dead. Let them remain available for rhetorical use from time to time if need be, but let us not allow them to obscure the opportunities — I would even say the necessity — for an increasing amount of conference and cooperation. We can have these with no loss of identity or integrity to your country or to mine.

*An address by Mr. Alexander before the 44th Annual Convention of the Investment Dealers' Association of Canada, Murray Bay, P.Q., Canada, June 17, 1960.

Canadian Natural Gas and The Transmission Industry

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natural gas in the field, but I believe the abounding new discovery of approximately two trillion cubic feet per year will have an effect on the wellhead price. Against this discovery rate of 2 trillion feet per year, we expect that the market demand in both Canada and the United States will be close to 1 trillion cubic feet. This supply-demand ratio of two to one, along with long-term options at the present price schedule, might very well contain our cost of gas in the fields for some years to come. Certainly the supply-demand relationship, and stability of the producers' price will materially affect and control our ability to make future sales in the United States market place.

I am happy to state that our short-term and long-term market prospects are rather encouraging and, of course, our industry will not even reach the break-even point, let alone prosper and grow, without increased volume. I will have to confine my remarks on sales to the area served by our company because of lack of detailed knowledge of the British Columbia and Alberta data, but in any event the Trans-Canada system serves about two-thirds of the Canadian market.

Bullish About Sales Picture

We have just completed a five-year sales forecast based on a careful study and analysis of data provided by our 11 distributor customers from Saskatchewan to Montreal. These data indicate that our total gas sales, both Canadian and American will increase more than twofold by 1962, rising from 115 billion cubic feet this year to about 250 billion cubic feet. Looking ahead four years to 1964, we can be realistically optimistic that we will contract for additional sales to the United States by then, and on this basis expect that our sales will triple this year's volume, increasing from 115 to 345 billion cubic feet. Our sales this year will be about 60% ahead of last year, and in the first five months were 66% better than the period January through May 1959. It is gratifying that these figures are reasonably close to the original targets for our company.

On a longer term basis we concur with the National Energy Board forecast which, for the Canadian geographic areas we serve, indicates that the average annual growth rate of total sales will increase 11% over the next 10 years, and 7% over the next 20 years. All these figures assume annual growth of our economy at a rate no more than it has been during recent years when so much of our manufacturing industry has been damaged by offshore competition. The extent to which we should factor in the Soviet ability to price goods and services based on political rather than economic requirements is

Mr. & Mrs. L. A. Tatton, *James Richardson & Sons*, Chatham; Grant Griffith, *James Richardson & Sons*, London, Ont.; John E. C. Winslow, *Winslow & Winslow, Limited*, Woodstock, N. B.

Mr. & Mrs. Bud Miles, *Burns Bros. & Denton, Ltd.*, Toronto; Mr. & Mrs. Jacques Brault, *Brault & Chaput*, Montreal

incapable of decision, but barring such imponderables these forecasts appear to be sound at this time.

At the present time, there are about 1,100,000 customers using natural gas in Canada, and we are pleased that about 750,000, or two-thirds of these are being served with natural gas hauled by our company. In the area we serve, new residential customers are being added at a rate in excess of 60,000, and nearly all of these domestic customers will use natural gas to heat their homes. In Manitoba and Central Ontario, nine out of every ten new homes being built in areas where natural gas is available are installing gas furnaces and in Toronto this proportion is running at about 85%. In many areas, for every new home connected to the distribution mains, another is being converted to natural gas from another fuel.

Usages of Natural Gas

Currently, about half of the gas we transmit from Alberta is delivered by our distributor customers to industrial users, and this proportion will gradually decline as the domestic load increases. The variety of industrial and commercial applications of natural gas continues to expand in every area we serve. Our form of energy is being used in food processing cement, steel, pulp, paper, metal fabricating, chemical plants and in almost every type of manufacturing. It is even being used to generate electrical energy in Eastern Ontario. We have many examples of increased productivity and product cost reduction resulting from even temperature control, reduced oven or kiln lining replacement, and cleanliness of natural gas. A few weeks ago I saw an Alberta natural gas flame being used in a heavy manufacturing plant in Ontario to cut a 21 inch slab of steel, which was then annealed in a natural gas fired oven, and then assembled in a gas turbine which will be installed next September at one of our compressor stations in Saskatchewan, to help us move more energy to market in Eastern Canada.

Natural gas is even being used to produce powdered milk and instant coffee. This is one example of the use of direct gas fired air heaters which operate at 95% efficiency compared with 75% for the former steam methods. In one plant where the daily production of instant coffee is the equivalent to two million cups, gas is used to roast the beans, heat the water, heat the spray dryers and even to air condition the packaging room.

It is generally known that our distributor in Montreal is running one to two years behind the sales bogeys originally conceived for that large metropolitan area, but there are some very important and significant applications of gas now in operation in that area. Montreal's and Canada's largest ready-mix concrete producer is using natural gas in the world's largest rotary kiln, with a capacity of four million barrels of cement per year and which can require up to ten million cubic feet of gas per day. The industrial acceptance of natural gas in this area is improving, and the commercial applications are also expanding. Many restaurants, bakeries, coin-operated laundries and automatic car washers have recently converted to gas. Last winter the suburban community of Outremont used natural gas to melt 127 tons of snow per hour. The new Toronto-Dominion Bank building in Montreal will use gas for air-conditioning, heating and cooking in the staff kitchen.

These are but a few of the many and new applications for natural gas and we feel we now have a definite indication of market acceptance of the versatility and economy of this form of energy. It would appear that more and more people are recognizing that natural gas is technically right and economically sound.

To be realistic about the Canadian natural gas transmission business, it must be recognized that relatively, it is still in its very early growth years. However, a major step forward was taken last April 1 when the Government of Canada accepted the recommendation of the National Energy Board that the export projects of Westcoast Transmission Company, Alberta and Southern, Canadian Montana, and Trans-Canada be approved. Since then we have received Gas License No. 1 authorizing the export of 204 million cubic feet of gas per day at Emerson, Manitoba, and Gas License No. 2 for up to 204 million cubic feet at Niagara Falls, on an interruptible basis, at our discretion after all Canadian requirements have been fulfilled. The Niagara Falls sale is very important to the welfare of Trans-Canada and will help us maintain a high load factor and enable us to approach optimum economic operating conditions.

Hopes FPC Will Allow Sale to Tennessee Gas Soon

We are disappointed that the Federal Power Commission has not yet been able to conduct a hearing of the application of our American customer at Niagara Falls, the Tennessee Gas Transmission Company, as we had originally planned to be operating this export contract by now. However, we are hopeful that the hearing will be held soon, and that we will be selling gas at Niagara Falls by the fall of this year. In the meantime, our export program at Emerson, Manitoba, is proceeding right on schedule. We have already satisfied the National Energy Board as to our financing and the commencement of construction of our facilities, and our customer at Emerson, the Midwestern Gas Transmission Company, had its construction program under way. We expect to be actually selling gas to the

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Mr. & Mrs. Lionel Mantha, *McNeil, Mantha Inc.*, Montreal; Mr. & Mrs. J. E. Boudreau, *Nesbitt, Thomson & Company, Limited*, Quebec

Mr. & Mrs. Pat Cochrane, *Midland Securities Corpn. Ltd.*, Toronto; Mr. & Mrs. Frank Bruton, *Bankers Bond Corporation, Limited*, Toronto

Canadian Natural Gas and The Transmission Industry

Continued from page 13

American market from Emerson by next October.

Trans-Canada's entire system will become more efficient as a result of these large, stable sales of gas to the export market. Our unit costs decline as sales volumes increase. As our system becomes more efficient, it becomes more profitable, and benefits of this more profitable operation will accrue to Canadian users of natural gas. The firm sale at Emerson for 20 years will result in the receipt of about $20 million per year in American funds, thus bolstering Canada's balance of trade position. The sale at Niagara Falls will be of tremendous assistance to our company in its early years when financial stability has such important significance. We must not forget that once an export sale is made and approved by the Government Boards involved, it is a source of U. S. dollar earnings for a fixed period, in our case for 20 years. It is a stable factor in the economy and is not subject to the opinion of trade blocks, nor is it subject to renegotiation year after year.

Huge Amount of Capital Required

The expansion of this industry will require huge amounts of capital money within the next few years. It has been estimated that $300 million will be required for field development and processing facilities in Alberta and British Columbia, plus another $200 million for gathering facilities and additional transmission facilities.

Indicative of the extent of this future investment in transmission facilities is our company's 1960 construction program. It is a $39.9 million program, and about $22 million of this capital expenditure is associated with our export to Midwestern Gas Transmission Company at Emerson. This 1960 construction program will be financed by the sale of $13 million of first mortgage pipeline bonds which we recently placed privately with institutions. This is the only public financing required this year, except for the sale of subordinated income notes, committed for in the terms of the company's original financing. Any additional financing will be obtained by bank borrowings which have already been arranged. We will build 50 miles of 30-inch pipeline, and add eight new compressor stations to our system so that by next fall we will have 148,585 H.P. of natural gas engine or turbine driven compressors on the line to help natural gas to market.

Along about November, 1961, the volume of gas for Ontario and Quebec markets that will pass through the Crown Corporation part of our system will be so great that our rental of 7 cents per M.C.F. will exceed the cost of interest and depreciation on the purchase price. It is important that we purchase the Crown section as soon as it is practicable and hence repay to the Government of Canada substantial funds that can be used for development of other national resources.

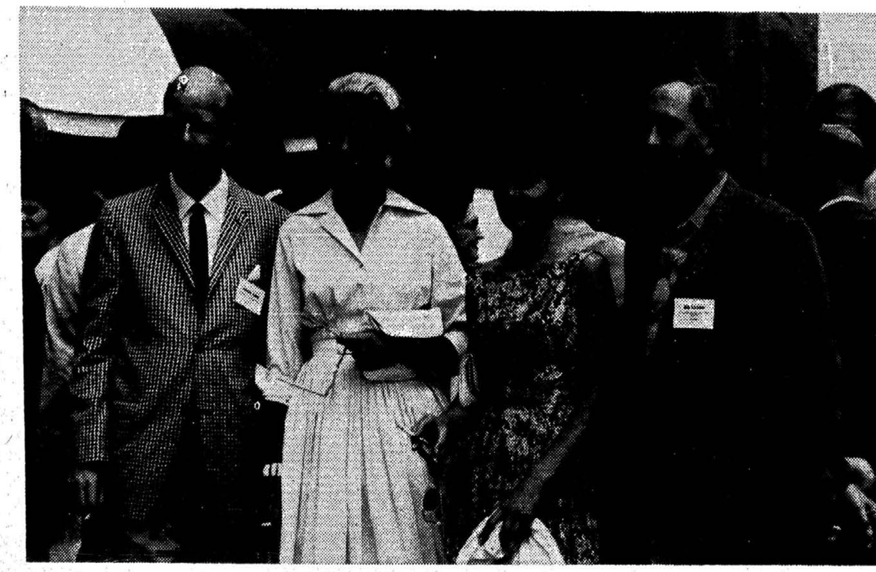
Before we leave financing requirements, let me say that one of the most encouraging aspects has been the confidence and support of the banks. Their cooperation has allowed the industry, and certainly our company, to approach our financing in a deliberate manner.

Stresses Lower Production Cost

I would be remiss if I did not state that in the gas industry there is developing a keen awareness of the necessity of wise spending, and of conservation of capital. For example, a major engineering decision was made in our company last fall, when we decided to use natural gas turbines to drive compressors, in conjunction with reciprocating natural gas engines which were installed in the original system. We will use some reciprocating piston engines in the future to take care of wide swings in the load, but between these reciprocating stations, gas turbines will be installed. Consistent with our present purchasing policy we can obtain a high Canadian man hour and material content in these gas turbines and, particularly, they cost a lot less. Although their fuel consumption is higher, the total cost of owning and operating is substantially less.

The effect of this new approach and the associated evolution of design is that our installed cost per horsepower next summer will be $290, compared with $430 per H.P. in the past, and this includes everything on the station, employee houses, vehicles, maintenance construction equipment, repair shops and so on. This 33% reduction will prove its value in

Hector Vidricaire, *James Richardson & Sons,* Montreal; Mrs. Telfer Hanson, Toronto; Mr. & Mrs. Ed Turner, *Burns Bros. & Denton, Ltd.,* Montreal; Hartland W. Gee, *Grant Johnson & Co., Limited,* Montreal



Mr. & Mrs. Howard Hawke, *Gairdner & Co., Ltd.,* Toronto; Mr. & Mrs. William Stewart, *Midland Securities Corpn., Ltd.,* Montreal

future. In addition, we can automatically control these turbines and vary their operating speeds and capabilities from a remote point. A year from now our dispatcher in Toronto will tell each of six gas turbines out in Manitoba and Saskatchewan, what to do by pressing buttons and simply by sending pulses to the station. These new stations will not require resident operators. Only maintenance personnel will be needed, and the saving in housing in these remote locations, and the annual operating expense improvement is very substantial.

Discusses His Firm's Plans Further

I would like to emphasize that we have a keen awareness of our responsibility to the shareholders. So far as Trans-Canada is concerned, we are proud that 84% of our shareholders are resident in Canada, and that they own 85% of our shares. Our responsibility to our 35,200 shareholders causes us to forecast future results as intelligently as we can. All forecasts have to be based on estimates and assumption, but the forecast of operating results that we submitted to the National Energy Board early this year is still our best estimate of the future. These figures include only the first Emerson export project, for which we now have full approval, and they do not include Niagara Falls because of the interruptible nature of that sale. In these estimates we said that for the year ending Oct. 31, 1961 our sales would be $86 million with a net income of $4½ million. Two years later, for the year ending Oct. 31, 1963, our sales are estimated at about $120 million with a net income of $8.3 million.

There are now two major factors which might tend to increase future net income forecasts and we now consider them to be significant and probable plus factors. The prospects of additional export contracts are now most encouraging and preliminary negotiations, not only in connection with our second Emerson sale, are becoming active. The second factor concerns the extraction of L.P.G.'s, specifically propane and butane, from our gas stream at one or more extraction plants along our pipeline.

It may not be widely known that we pay a premium to the producers in Alberta for higher than specified B.T.U. content, or heating value, in the gas stream. Then we sell our gas along the system on an M.C.F., or volume, basis with no adjustment for B.T.U.'s in the sales price. We hear and read a great deal these days about L.P.G. gathering, transmission and extraction plans as a result of the recent hearings before the Alberta Oil and Gas Conservation Board. Until the picture becomes more defined than it is now, no specific plan can be adopted, but it is probable that recovery of the B.T.U. adjustment could increase our net income in 1963 by well over $1 million. Any profit from the sale of propane and butane would be additional.

I have tried to indicate that it is our sincere opinion that this industry faces a future of challenge and opportunity that is relatively much greater than anyone in the industry dared to dream, even a few years ago. The gas business is becoming so integrated with our national welfare and economic health, that it has a great opportunity to bolster and stimulate our economy. However, there still are imponderables, or shall I say sectors of the whole

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Mr. & Mrs. E. A. Robinson, *Bartlett, Cayley & Co., Ltd.*, Toronto; Mr. & Mrs. Arthur Langley, *Dominion Securities Corpn., Ltd.*, Toronto

Jules P. Dubuc, *Belanger Inc.*, Montreal; Mr. & Mrs. R. T. Hutchison, *Cochran, Murray & Co., Ltd.*, Toronto

Canadian Natural Gas and The Transmission Industry

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that still have to be fitted in place.

Examines Some Imponderables

Perhaps the most important of these is regulation of the industry. In our company, we recognize, and have so stated on several occasions, the need for a reasonable degree of regulation of the natural gas industry. We will need tremendous amounts of capital in future years. In order to raise debt capital, it is, of course, necessary that we raise equity capital, that is the risk capital. To do this it is just common sense that our common shares must be considered an attractive investment.

Primarily our concern is, of course, that any regulation that emerges within the next few months will not be so restrictive that it will impede expansion of this great new industry.

We firmly believe that earnings should be regulated on the basis whereby we are allowed to earn a reasonable rate of return on the total rate base of the company.

Equity capital can then be attracted on favorable terms, because then, under efficient management, there are reasonable prospects of improved earnings per share. If sufficient equity can be attracted, we will be able to borrow our debt capital at reasonable rates of interest. If regulation should become so severe that equity is difficult to raise, if expansion is then possible at all, it will, of course, be possible only at high rates of interest. This situation inevitably leads to higher rates for gas at the consumer level.

I was impressed by a summary of 102 power companies reporting to the Federal Power Commission in the United States. The conclusion was that liberal rate base jurisdiction, with higher allowable rate of return, enabled these companies to offer service at rates lower than was the case in more restrictive regulation areas. In fact, average monthly bills to the consumers were lower in liberal jurisdiction in each of the Federal Power Commission's four residential bill classifications. Excessive and tight regulation nearly always ends up by costing the consumer more than reasonable regulation. Let us again not forget that the natural gas industry in Canada is still in its infancy on a national basis. In spite of this situation, I am extremely confident, that with good judgment and common sense by all concerned, it will be possible to keep gas transmission securities attractive to investors and rate increases to consumers to a minimum.

*An address by Mr. Kerr at the 44th Annual Meeting of The Investment Dealers' Association of Canada, at the Manoir Richelieu, Murray Bay, Canada, June 18, 1960.

Mr. & Mrs. J. Edgar Hill, *Royal Securities Corporation, Ltd.*, Montreal

Mr. & Mrs. Ian D. Cameron, *Bankers Bond Corporation, Limited*, Toronto

Mr. & Mrs. E. J. Allman, *Annett & Company, Ltd.*, Toronto

Mr. & Mrs. J. I. Crookston, *Nesbitt, Thomson & Co., Ltd.*, Toronto

Some Disquieting Aspects Of the Canadian Economy

Continued from page 3

at a rate materially faster than our national output.

Governments have brought about a substantial redistribution of income through taxation in order to provide maximum levels of income and support to all citizens. This practice has the effect of increasing consumption and reducing savings. Increased social benefits mean increased taxation. Increased taxation means the individual has less money to save and invest.

A high rate of expansion requires massive application of capital which, as I have noted, should preferably come from domestic sources. In a country like Canada this means a higher rate of saving and a lower rate of consumption than we have been experiencing. On the assumption that a reduction in the rate of capital expansion would be undesirable and retrogressive we must encourage increased saving.

How may we promote increased personal saving? Obviously since saving is postponed consumption savers must be adequately rewarded. To attract buyers of fixed income securities we should have a stable price level and an interest return adequate to obtain the required volume of savings. To attract equity capital we must have the quality of growth in the economy. Granted these conditions the answer to my question seems to be that both Government and the financial community have responsibilities for encouraging saving. As to Government—the President of the Montreal Stock Exchange recently stated "It has been a long time since any Canadian Government has made thrift a fundamental article of faith." Tax or other concessions to encourage savings need not in the long run damage Government revenues because of the gradually increasing tax base. On the side of business—we investment dealers and other financial groups such as the chartered banks, trust companies and life insurance companies are constantly preaching the values of thrift. Is it not our duty to intensify our efforts to persuade the Canadian people to save more?

One of the disturbing facets of the current scene is the existence of a high level of unemployment during a period of buoyant business. There are many factors that contribute to this paradox, the most important of which is the state of export and import trade. Mr. Coyne, Governor of Bank of Canada, has dealt — in several stimulating addresses — with our trade problems, foreign exchange

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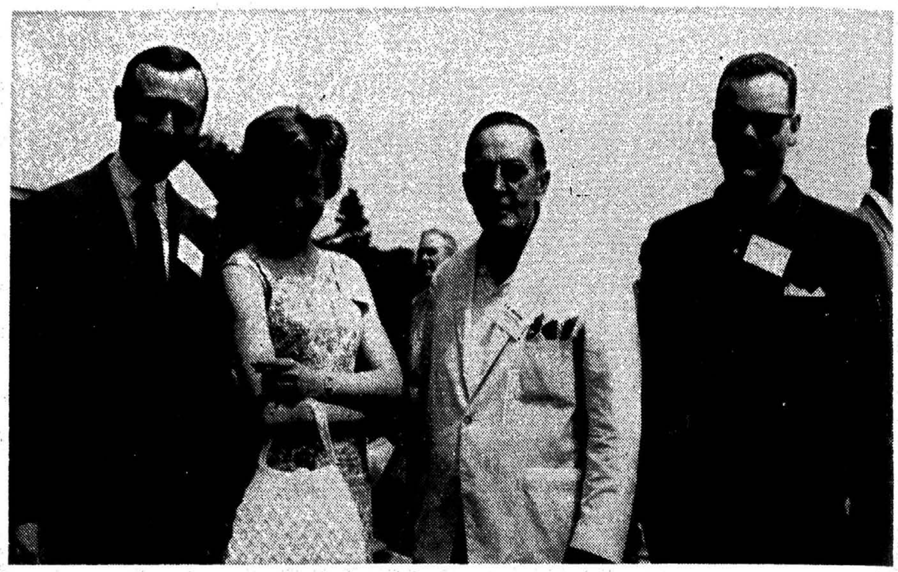
Mr. & Mrs. Frank McDonald, *Cairdner & Co., Ltd.*, Toronto; Mr. & Mrs. Jock Gairdner, *Cairdner & Co., Ltd.*, Toronto



Mr. & Mrs. George C. Vilim, *Morgan, Ostiguy & Hudon, Ltd.*, Montreal; D. B. Creighton, *Nesbitt, Thomson & Co., Ltd.*, Montreal; Warren A. Dakin, Jr., *Osler, Hammond & Nanton, Ltd.*, Vancouver

Some Disquieting Aspects Of the Canadian Economy

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and employment. He has suggested that in addition to the expansion of our exports, a greater development of domestic secondary industry is essential if we are to re-establish economic equilibrium between Canada and the rest of the world and provide more employment for Canadians rather than for workers in other countries.

Greatest Challenge Facing Canada

Probably the achievement of greater industrial efficiency and diversification is the greatest individual challenge that faces Canada. We must accept it. Admittedly there are problems—not the least of which is developing a relatively small home market for secondary industry without hampering our export trade by tampering with tariffs.

The imediate task facing us is to keep our costs competitive, to redouble our sales efforts and to provide our exporters with credit facilities comparable to those available to exporters in competing nations.

Has not the time come when we should follow the pattern of the older trading nations by adding foreign mercantile banking operations on wide scale to our present excellent banking facilities? Certainly we could overhaul our marketing facilities and techniques, including arrangements for granting long term credits to foreign buyers.

Reverting for a moment to the subject of unemployment—the assets of the Unemployment Insurance Fund have fallen from $924 million at the end of 1956 to $356 million at the end of March, 1960. Would there not be merit in undertaking a review of the regulations and administration of this fund to ensure that unnecessary idleness is discouraged and needless claims eliminated? There is also room, in my view, for beneficial studies on the statistical methods used for reporting the number of those unemployed.

Today the "climate" for saving and investing is better than a year ago. Investors have more confidence in the dollar as a storehouse of value; interest rates are at attractive levels—high enough to encourage bond buying but not too burdensome for borrowers. Investment-quality common shares—with due regard for selectivity—are available at realistic price-earnings ratios. The premium on our dollar has lessened through the mechanism of the market, thus sparing us the penalties attendant upon direct intervention by Government. And, our industry has accomplished another year's work and added to its store of experience and professional skill.

Two Imponderables Facing Canada

There are, however, two imponderables facing us which will affect the course of securities prices: our ability to win and hold larger export markets and the unemployment situation. As for export markets—I believe that when the Canadian people come to realize that we must export more or lower our standard of living we will "gear up" to ensure our prices being competitive.

As for unemployment—we must turn with all the vigor and ingenuity at our command to reducing the number seeking and unable to find work.

Let us avoid, at all costs, short run solutions such as artificially low interest rates or inflationary increases in the money supply which create more problems than they solve.

I am grateful for the positive elements in the current economic scene and I know that our industry will drive ahead with its task of mobilizing and giving fluidity to the investment capital needed for Canada's continuing economic development. I conclude my work as President with the conviction that the Association's work this year has brought beneficial results, both for our business and for the capital market.

*An address by Mr. Alexander at the 44th Annual Meeting of the Investment Dealers' Association of Canada, Manoir Richelieu, Murray Bay, Quebec, June 17, 1960.

Mr. & Mrs. Allan Chippindale, *Calvin Bullock, Ltd.*, Montreal; Mr. & Mrs. J. P. W. Ostiguy, *Morgan, Ostiguy & Hudon, Ltd.*, Montreal

Mr. & Mrs. F. Hubert Godin, *Societe de Placements, Inc.*, Montreal; Mr. & Mrs. Marcel Cazavan, *Societe de Placements, Inc.*, Montreal

U. S. Chemical Exports—Problems and Trends

Continued from page 6

esting to note the broad outlines of this pattern as it is today. Asia and Africa are primarily markets for agricultural and some industrial chemicals, although industrial expansion, especially in the Far East, has created a demand for more complex products. Latin America has been, and still is, a big buyer of both agricultural and industrial chemicals. However, local industrialization has made rapid strides in recent years with the result that the area's import requirements are beginning to show a trend away from basic chemicals and towards more sophisticated products. In Europe, the sales potential lies mostly in the area of what may be termed specialty products, such as the more complex intermediates, some types of resins and their raw materials, and certain pharmaceuticals. In addition, there is from time to time a spot market for some basic chemicals due to temporary shortages of local production. The pattern is, therefore, varied and changing in character, and it can be appreciated that versatility and quick reaction to such changes are especially important requirements in export selling today. Intelligent forecasting and planning are vital to success.

Special problems are also encountered in the areas of local representation and technical service. I think it is generally recognized that the chemical business is highly specialized and complex in nature. This makes it more than normally difficult to find local distributors with the special qualifications required for sale of chemicals. The wider the range of products offered, the greater the problem, so that in the case of a manufacturer as diversified as my company, it is frequently necessary to have several distributors in the same market, each responsible for a different group of products.

Even then, the manufacturer must make an important contribution in the area of technical service through his own facilities in the United States and through branch offices or travellers abroad. Members of his field organization must be qualified technically, linguistically and psychologically; they should be "simpatico" and capable of getting on with the nationals of the countries in which they are serving. It is not easy to develop individuals who fill all these requirements.

The Future

And now, in conclusion, what of the future? Certain recent trends can surely be expected to continue.

Firstly, competition from Europe and Japan will become more severe, especially from Europe, as the Common Market takes shape. In fact, the impact of the Common Market conception on European production may well prove the greatest competitive problem ever faced in export markets.

Secondly, the trend for U. S. manufacturers to export know-how and productive capacity seems likely to continue and may well grow. This is already an important part of U. S. exports, witness the widespread overseas operations of many companies, such as American Cyanamid, Dow, DuPont, Monsanto, Olin Mathieson, and Union Carbide, to name only a few.

Thirdly, the urge among the so-called underdeveloped countries to industrialize and become self-sufficient can be expected to spread to the newly independent countries of Africa and to those approaching independence.

Finally, as an offsetting factor, we can expect from past and present trends that the expanding world population will result in steadily increasing demand for agricultural chemicals and for products indigenous to the United States where labor and transportation costs are not a major factor in the price structure. Similarly, the expected rise in the world's standard of living will mean increased demand for the more advanced and complex products of the U. S. chemical industry. With the achievement of economical production through the help of chemical engineering research, the new products constantly under development offer great opportunity for future expansion abroad.

*An address by Mr. Wickersham before the American Institute of Chemical Engineers, Mexico City, Mexico, June 22, 1960.

Mr. & Mrs. Grahame Johnson, *Credit Interprovincial, Ltee.*, Montreal; Mr. & Mrs. Bruce Thompson, *Ross, Knowles & Co., Ltd.*, Toronto

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John Hayman, *Goulding, Rose & Company, Limited*, Toronto; Mrs. T. M. Hockin, London, Ont.; Mr. & Mrs. Harold Robertson, *Mills, Spence & Co., Ltd.*, Toronto

Mr. & Mrs. Alexander Johnston, *Dominick Corporation of Canada*, Montreal; Tony Osburn, *Pemberton Securities Ltd.*, Vancouver; Don Patterson, *Dominick Corporation of Canada*, Montreal

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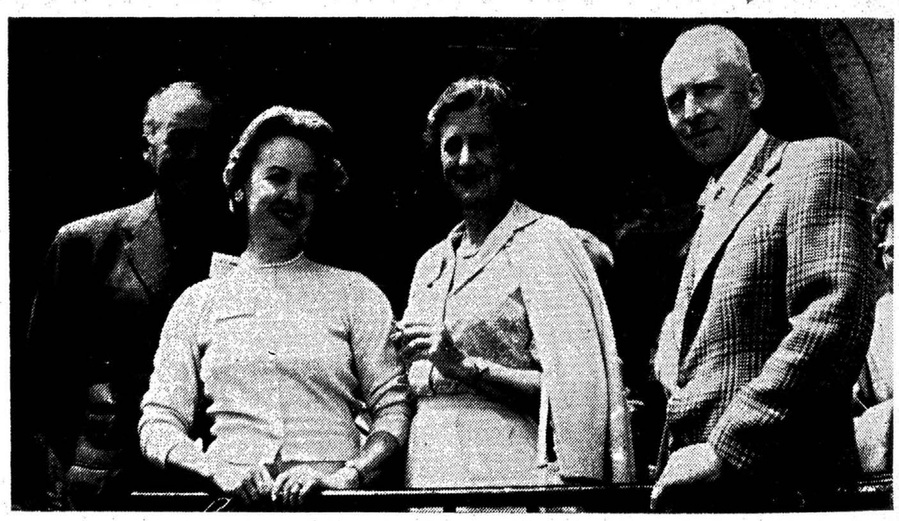

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Marc L. Ranger, *Casgrain & Co., Ltd.*, Montreal; Mr. & Mrs. Lucien Cote, *Credit Anglo Francais, Ltee*, Montreal

Mr. & Mrs. Norman Alexander, *James Richardson & Sons*, Winnipeg

Andrew Beaubien, *L. G. Beaubien & Co., Ltd.*, Montreal; Mrs. Grahame Johnson, Montreal

Mr. & Mrs. Wilf Dinnick, *A. E. Osler & Co., Ltd.*, Toronto; Mr. & Mrs. Jack Lawrence, *Equitable Securities Canada Ltd.*, Toronto

Miss Ellen Rose, New York City; Mr. & Mrs. Frank Rose, *Dow, Jones & Co.*, New York; Jessie Davidson, *Financial Counsel*, Toronto; Jack Hartney, *Financial Counsel*, Toronto

Mr. & Mrs. Chester C. Burley, Jr., *Bache & Co.*, New York; Mr. and Mrs. J. W. Kerr, *Trans Canada Pipe Lines Ltd.*, Toronto; Mr. & Mrs. Al Findley, *Bache & Co.*, Toronto

George D. Sherwood, *Thomas B. Read Co., Ltd.*, Vancouver; Mr. & Mrs. D. H. Gatehouse, *Royal Securities Corporation*, Montreal; Mr. & Mrs. James Annett, *Annett & Company, Ltd.*, Toronto

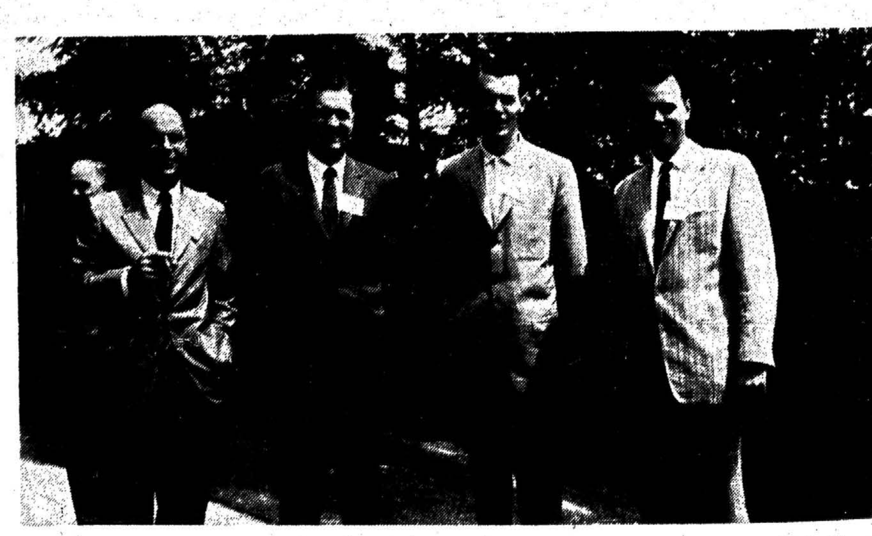
Mr. & Mrs. Philippe Letarte, *La Corporation de prets de Quebec*, Quebec; Albert Boulet, *Oscar Dube & Cie., Inc.*, Quebec; Mr. & Mrs. J. Albert Gagnon, *Garneau, Boulanger, Ltee, Quebec*

Mr. & Mrs. Reg Howard, *F. J. Brennan & Co., Ltd.*, Moncton; Hal Murphy, *Commercial & Financial Chronicle*, New York

Andre Laflamme, *J. E. Laflamme Ltee.*, Quebec; J. N. E. Grenier, *Grenier, Ruel & Cie., Inc.*, Quebec; Mr. & Mrs. Maurice Brault, *Garneau, Boulanger Limitee*, Quebec

Mr. & Mrs. P. A. Wootten, *Royal Securities Corporation, Ltd.*, Vancouver; Mr. & Mrs. Edgar M. Holland, *Graham, Armstrong & Co.*, Montreal

Henry C. Alexander, *Morgan Guaranty Trust Company*, New York; Graham Towers, *Retired Governor of the Bank of Canada*



D. L. Howes, *Harris & Partners, Ltd.*, Toronto; Gordon MacLean, *Harris & Partners, Ltd.*, Toronto; Bryce Farrill, *Dawson, Hannaford, Ltd.*, Toronto; D. C. Hannaford, *Dawson, Hannaford, Ltd.*, Montreal

Mr. & Mrs. T. G. Mulligan, *Nesbitt, Thomson & Co., Ltd.*, Montreal; Mr. & Mrs. Patrick Henderson, *Calvin Bullock, Ltd.*, Montreal

Mr. & Mrs. Peter Crysdale, *Mason & Crysdale, Ltd.*, Toronto; Mr. & Mrs. Ted Percival, *Merrill Lynch, Pierce, Fenner & Smith, Incorporated*, Toronto

Mr. & Mrs. D. H. Gatehouse, *Royal Securities Corporation*, Montreal; Mr. & Mrs. Dory Rodomar, *Calvin Bullock, Ltd.*, Montreal

I. C. Heggie, *W. C. Pitfield & Co., Ltd.*, Toronto; W. M. Reay, *Nesbitt, Thomson & Co., Ltd.*, Montreal; Graham Gammell, *Bank of Canada*, Toronto; N. E. Lane, *Nesbitt, Thomson & Co., Ltd.*, Toronto

In Attendance at Convention

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McNEIL, ELZEAR*
Geoffrion, Robert & Gelinas Inc.
Montreal
McPHUN, F. D.*
Nesbitt, Thomson & Co. Ltd.
Toronto
MEMORY, J. D.*
Mills, Spence & Co. Ltd.
Montreal
MEREDITH, T. W.*
Osler, Hammond & Nanton Ltd.
Calgary
MILES, E. S.*
Burns Bros. & Denton Ltd.
Toronto
MORSE, E. S.*
W. C. Pitfield & Co. Ltd.
Montreal
MULLIGAN, T. G.*
Nesbitt, Thomson & Co. Ltd.
Montreal
MURDOCH, G. E.
Belanger Inc.
Montreal
MURPHY, HAL
Commercial and Financial Chronicle
New York
OBORNE, J. R.*
Nesbitt, Thomson & Co. Ltd.
Montreal
O'HARA, R. J.*
Wood, Gundy & Co. Ltd.
Winnipeg
ORMONDE, G. E. B.*
Thomson & McKinnon
Toronto
OSBURN, A. G.
Pemberton Securities Ltd.
Vancouver
OSTIGUY, J. P. W.*
Morgan, Ostiguy & Hudon Ltd.
Montreal
PATTERSON, D. S.*
Dominick Corp. of Canada
Montreal
PENNY, J. A. S.*
Royal Securities Corp. Ltd.
Toronto
PEPALL, W. G.*
Bell, Gouinlock & Company, Limited
Montreal
PERCIVAL, E. G.*
Merrill, Lynch, Pierce, Fenner & Smith Inc.
Toronto
PLOW, H. A.
Dominion Securities Corp. Ltd.
Sherbrooke
RANGER, MARC
Casgrain & Co. Ltd.
Montreal
REAY, W. M.
Nesbitt, Thomson & Co. Ltd.
Montreal
REID, W. G.*
Fry & Co. Ltd.
Toronto
RHUDE, FORBES
The Canadian Press
Toronto
RICHARDSON, J. A.
James Richardson & Sons
Winnipeg
ROBERTSON, DALTON
Financial Post
Toronto
ROBERTSON, W. H.*
Mills, Spence & Co. Ltd.
Toronto
ROBINSON, E. A.*
Bartlett, Cayley & Co. Ltd.
Toronto
ROBINSON, J. M.*
W. C. Pitfield & Co. Ltd.
Halifax
RODOMAR, D. V.*
Calvin Bullock Ltd.
Montreal
ROSE, MISS ELLEN A.
New York
ROSE, MRS. FRANCIS M.
New York
ROSE, FRANCIS M.
Dow Jones & Co.
New York
ROSS, D.*
Wood, Gundy & Co. Ltd.
Toronto
ROY, R. M.*
Goulding, Rose & Co. Ltd.
Toronto

*Denotes Mr. & Mrs.

RUEL, J. PAUL E.
Grenier, Ruel & Cie Inc.
Quebec
SAURIOL, G. M.*
J. R. Timmins & Co.
Montreal
SCHELL, E. P.*
Dominion Securities Corp. Ltd.
Winnipeg
SCOTT, J. M. G.*
Wood, Gundy & Co. Ltd.
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SHARPE, S. G.*
A. E. Osler Co. Ltd.
Toronto
SHAW, D. B.*
A. E. Ames & Co. Ltd.
Toronto
SHAW, JOHN B.
Bell, Gouinlock & Co. Ltd.
Kitchener
SHERWOOD, GEORGE D.
Thomas B. Read Co. Ltd.
Vancouver
SLIPP, C. R.
Wills, Bickle & Co. Ltd.
Toronto
SMITH, DEVON*
Toronto Telegram
Toronto
SPAFFAORD, E.*
Cornell, Macgillivray Ltd.
Halifax
STEVENSON, R. H.
A. E. Ames & Co. Ltd.
Montreal
STEWART, W. A.*
Midland Securities Corp. Ltd.
Montreal
STODGELL, J. C.*
Walwyn, Stodgell & Co. Ltd.
Windsor
STOTT, J. T.*
Greenshields & Co. Inc.
Toronto
TASCHEREAU, W/C GABRIEL
A. D. C. to the Lieut.-Governor
Quebec
TATTON, L. A.*
James Richardson & Sons
Chatham
TELFER, R. F.*
Collier, Norris & Quinlan Ltd.
Montreal
THOMPSON, B. E.*
Ross, Knowles & Co. Ltd.
Guelph
TRIGGER, R.*
Investment Dealers' Digest
New York
TURNER, E. W.*
Burns Bros. & Denton Ltd.
Montreal
VIDRICAIRE, H. J.
James Richardson & Sons
Montreal
VILIM, G. C.*
Morgan, Ostiguy & Hudon Ltd.
Montreal
WADDS, R. W.*
McLeod, Young, Weir & Co. Ltd.
Toronto
WALKER, W. S.
Investment Dealers' Association
Toronto
WEBB, D. L.*
Merrill, Lynch, Pierce, Fenner & Smith Inc.
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WELLER, F. G.*
Wisener, Mackellar & Co. Ltd.
Toronto
WETMORE, M. S.*
A. E. Ames & Co. Ltd.
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WHILLANS, H. O.*
McConnell & Co. Ltd.
Toronto
WILDER, W. P.*
Wood, Gundy & Co. Ltd.
Toronto
WILSON, ROSS
A. E. Ames & Co. Ltd.
Vancouver
WINSLOW, J. E. C.
Winslow & Winslow Ltd.
Woodstock, N. B.
WOOD, J. D.*
A. E. Ames & Co. Ltd.
Toronto
WOOTTEN, P. A.*
Royal Securities Corp. Ltd.
Vancouver
WRIGHT, JACK R.
Carlile & McCarthy Ltd.
Calgary