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The March of Events

THE CONQUEST OF NORTH AFRICA

The expulsion of the Axis armies from North Africa was perhaps the most clean-cut and satisfactory military victory of the United Nations in 1943. Germany's most expert infantry, the Africa Corps, led by the most audacious and imaginative of the German generals, was decisively defeated in fair fight. The final collapse in Tunisia was a complete disintegration of the Axis forces brought about not by lack of food, munitions or morale in the troops but by German staff work too poor to cope with the complexities of the situation as it finally developed. The Axis troops were left without direction and surrendered in sullen bewilderment.

To say that it was the Eighth Army that drove Rommel from Africa is no slight either to the British-American armies which cooperated or to the new United Nations command under which the final phases of the campaign were conducted. From the time that its first commander, General Wavell, bluffed Graziani and his huge Italian armies into surrender by the skilful use of its first inadequately equipped and inexperienced nucleus, the Eighth Army grew steadily, encouraged by victory, chastised and instructed by defeat. The army that pressed Rommel relentlessly from El Alamein to Cap Bon was a force equal in equipment, skill and self-confidence to the best that the Germans could put in the field against it.

Perhaps the most significant aspect of the North African campaign was that it was a hard schooling in the art of modern war. For such experience no training, however "realistic", is an adequate substitute. Only by fighting do men learn what to expect under fire, how first to survive and then to attack; only by such testing does an army discover and train the commanders who will ultimately guide it to victory.

For such a school the desert was an admirable theatre and Rommel the most exacting of schoolmasters. Despite the humiliating defeats which he inflicted upon our arms, we should be grateful to the German High Command for placing such importance on the attempt on Egypt. In the Libyan desert Rommel and the British generals perfected the principles of mechanized warfare as they

drove each other hither and yon over an area where operations were unencumbered by the paraphernalia of civilization. What the Germans and the Russians were learning on a yet vaster scale in the North, the British and the Germans were teaching each other in Cyrenaica. It was an additional advantage of the desert as a war school that, as long as operations did not move uncomfortably close to Alexandria on the East or Tripoli on the West, defeat did not spell disaster and victories were often profitless.

In this school one lesson stood out above all others: to succeed, an army must master the problem of supply. To have supplies in abundance at the base is not enough; one must be able to move them forward as rapidly as a modern army can move. As desert armies move swiftly and are not limited by the pre-existing transportation system, desert warfare provides the severest of tests of the supply services. Rommel failed to reach Suez not merely because his men were exhausted from the pressure of continued attack but also because his supply columns were already over-extended and thus unable to sustain a further advance. Despite his masterly conduct of the retreat to Tripoli, he was unable to shake off Montgomery because the Eighth Army was performing prodigies in transportation and supply. The standards in the mobility of armies set in the desert are not likely to be exceeded elsewhere in this war.

MUSSOLINI'S COLLAPSE

If the conquest of North Africa was the neatest military success of the year, Mussolini's downfall was the most resounding event on the diplomatic front. It came sooner than was generally expected, was a surprise both to the Allies and the Germans, and most of the circumstances surrounding it are still mysterious. Though it brought immediate and substantial advantages and was an immense stimulus to United Nations morale and equally depressing to the spirits of the Germans, the prospects which it seemed to open up at the time have for the most part gone unrealized as yet. There was much talk of the bombing of southern Germany from airfields in Italy, of the Balkans now lying open to invasion, and of the probability that with the help of the Italians the Germans would soon be driven beyond the Alps. But six months have passed and nothing has happened in the Balkans; we are now seeing the first signs of the bombing of Germany in strength from Italy and the armies of the United Nations are still south of Rome. The Italians have proven a liability rather than an asset. To the often repeated query: "What is holding up the Eighth Army?" one of its generals, brushing aside the excuses usually offered, is said to have replied, "The Germans". As this is

being written they stubbornly block our advance in the mountains and hem us narrowly within the Anzio beachhead.

As time passes it becomes clear that the public was mistaken in its interpretation of the operations in Sicily and Italy. It was not the beginning of an invasion of Europe but a further stage in the campaign to clear the Axis out of the Mediterranean. As a road to northern Europe, Italy is the worst possible. But before invading armies could be successfully landed in the south of France or the Balkans, Axis air power had to be driven north of the Alps and the mountains of Greece. Large convoys cannot move safely in the Mediterranean without the protection of land-based planes on its northern as well as its southern shores. Good progress in getting such bases has been made in the western Mediterranean but none at all in the islands of the Aegean.

Exasperation at the slowness of the attack on Sicily, after the surprisingly swift collapse of the Axis in Tunisia, and the snail's pace of the progress up the Italian peninsula has been frequently expressed. It should be remembered however that, apart from the veterans of the Eighth Army, General Eisenhower had under his command few seasoned troops and neither they nor the Eighth Army had had experience of amphibious operations against a strongly-held hostile shore line. If it would then have been folly to attack in northwestern Europe, it would also have been inviting disaster to make one's first attempt in southern France or on the shores of Greece. To an army still sadly in need of experience, Sicily and Italy offered a much more attractive field of operations. Naval power could be brought to bear not only in the early stages of the attack but any time that it might be of assistance. It could guarantee delivery of all the troops and supplies which the Allied command might choose to allocate to the campaign. The Germans on the other hand would be hampered by being limited to the use of land supply lines wide open to attack from the air.

Clearly the attack on Sicily and the more stubborn fighting on the Italian front have given our troops further valuable instruction in warfare. At the landings, defects in equipment were revealed which are being corrected in the boats now under construction. Valuable experience is being gained in the limitations upon air power imposed by poor flying weather such as is all too common over the invasion coast of France. Canadians are getting their first large-scale battle experience of this war. When invasion comes it will have a greater chance of success because of the Mediterranean campaigns.

THE GERMAN RETREAT IN RUSSIA

The successive campaigns in Russia display on a much grander scale the same principles of success in war which the history of the Eighth Army revealed in Africa. Though both the German and the Russian armies had been well trained before the war, the Germans began with the great advantage of actual battle experience against the Poles in 1939 and in western Europe in 1940. It is not surprising then that when they attacked Russia in 1941 the initial successes lay with them. Great areas of western Russia were soon overrun and large numbers of prisoners taken. Yet in December of that year the momentum of their drive spent itself short of the capture of their great prize, Moscow. Skilful as were the German officers in the organization of supply, they found that they had still much to learn about the problem on the vast scale of the Russian war. The Russians meantime had been driven back close upon their bases and, when winter gave them transportation conditions they well knew how to manage, they were able to launch an offensive of their own.

In the summer of 1942 the Germans made no attempt to repeat their gigantic effort to entrap the Russian armies but confined themselves to more attainable objectives pursued on a narrower front. They tried to cut off the Russians from their oil supply in the Caucasus by driving eastward through the Ukraine to the valley of the Don and the Caspian Sea. Supply problems were still so difficult for the Germans over the great length of their lines to Poland or the Balkans that they once more failed, this time at Stalingrad. They were unable to bring adequate amounts of men and material to bear and the Russians, once more close to their bases of supply, were able to inflict a crushing defeat. From that time the Russians have pressed their counter-offensive steadily without successful interruption by the Germans.

However great the difference in scale, the parallel between the Russian recovery and that of the Eighth Army is striking. In both cases a new army had to be created, new tactics mastered and new leaders discovered. Co-operation between air and ground forces improved constantly and the problem of supply for an ever-advancing army was solved. Both in the desert and in southern Russia large numbers of motor transport vehicles from across the Atlantic have been vital factors in the solution. The parallel goes further. Until the very end, Rommel conducted so skilful a retreat that he lost relatively few men and small amounts of material. In Russia despite the impression one might gain to the contrary from the daily

press, the German retreat has been no rout. Traps have been laid time and again; but they have closed on the enemy rarely. Much of the actual loss suffered by the Germans appears to have been due to a deliberate effort to hold a position in the Ukraine which, upon the map, looks impossible. Hitler needed to retain the Ukraine not only to get manganese for his industries and food for his armies but also to keep the Russians as far away from the Balkans as possible.

GERMANY'S HOPES

The behaviour of the German armies in Russia suggests that the Nazis have given up hope of winning the war. Once more Germany must salvage as much as possible from failure and avoid the threatening dissolution. Her best hopes of moderate terms lie in disagreement amongst the United Nations; to allow that to develop she must fight a successful defensive war. If she can inflict a crushing defeat on our invasion from the west while holding the Russians in the east her chances of a negotiated peace will be much brighter. She therefore shortens her lines in Russia, completes her preparations in France and strives to keep our air force out of northern Italy and our armies from the Balkans.

Barring a collapse of home front morale, about the possibility of which it is useless to speculate, there would seem to be small chance of a German break-down because of shortage of food or munitions of war. It is generally believed that the vast levies the Germans have made on the man-power and the agricultural productivity of the continent have raised both the food and the war material production to levels which make the hope of shortage we formerly entertained look ridiculous indeed. Oil from Balkan wells and rubber from synthetic factories are still adequate. In metallurgy technical advance has been great. So many substitutions between metals are now possible that Germany is less dependent upon the base metals of which she is short. Hungarian and French bauxite and Austrian magnesite afford as much aluminum and magnesium as her electric power supply will permit her to produce. The manganese indispensable for steel alloys is available in Czecho-Slovakia.

Were that the whole of the story the situation would be graver than in fact it is. In 1943 the submarine menace to the Atlantic shipping lanes was reduced to a minimum—an achievement of the first magnitude. The bombing of Europe has grown to such proportions as to give hope both of adequate air cover for the invasion and much disruption of the German war machine meantime. Com-

bined with a great production effort in the building of ships, munitions and aircraft, the defeat of the submarine has shifted the main United Nations problem from the production to the invasion front. The problem now is to apply with the maximum effect the vast amount of equipment which has been piled up in the war zones. That application may be delayed some time because of the lack of certain specialized equipment which Mediterranean operations showed to be essential for amphibious operations. Mr. Churchill recently said that landing-barges were the greatest production bottleneck at the moment.

Great interest and importance attaches to the role of the air force in covering the landings, co-operating in the ground battles and hampering German communications and war production. African and Italian experience indicates that while the air force can be of immense assistance it has never been able, alone, to prevent the advance of mechanized ground forces or permanently interrupt their communications. The army must still win its own battles on the ground. Whether that conclusion will be altered by the yet greater concentrations of air power being prepared to assist the invading armies remains to be seen.

The stepping up of the bombing of Germany which is going on as the spring approaches must indicate that results so far obtained are good enough to justify the effort and losses involved. Despite the claims made by enthusiasts there would seem to be good ground for doubting whether bombing is ever likely to destroy Germany's war production. Recent concentration on aircraft factories may show that its present purpose is not so much to knock out munitions production as to reduce the resistance which the German air force may be able to offer when the invasion comes by lessening the production of fighter planes.

STRATEGY IN THE PACIFIC

Pessimism about the probable length of the war against Japan has notably lessened in recent weeks especially since the American naval attack on the Marshall Islands. Even those who thought Japan might be bombed into submission saw no means of getting near enough to the home islands of Japan to do it effectively with land-based planes. Those who contended that only the army could defeat the Japs found it hard to see how an army was to be set up in China in the near future. The Burma Road, old or new, being obviously insufficient as a supply route, "island-hopping" seemed the only alternative; and so far that had been a slow and costly

process. The swift and relatively costless success of the American naval forces in the Marshalls has shown that it need not be so. More important perhaps, it has also revealed that it is not the Allied strategy to proceed against Japan slowly island by island through the East Indian archipelago.

After Pearl Harbour and the overrunning of south-east Asia by the Japanese in the early months of 1942, two great tasks faced the Allied powers in the Pacific. The Australian bridgehead had to be held and strengthened by making secure the long supply line from western United States and the American navy had to be built up so that it could challenge the Japanese navy with good prospects of success. Meantime it was to be hoped that the Japanese, realizing they had acquired a huge territory in a short time, would not make the attack on Australia which seemed possible to them. By early 1944 both these tasks seem to have been accomplished. The growing pressure in the Solomons against Japan shows that supplies have been reaching this area in an increasing stream; the naval attack on the Marshalls, with the threat it carries to the great naval base at Truk, is a direct challenge to the Japanese navy which indicates that the power of the American navy has been restored.

The character of the strategy of attack against Japan which is now being revealed is determined by the geography of Japan's new empire. The common conception is that the Japanese must fight on two fronts, one in China and one in the south seas. A glance at a globe will show, however, that the East Indies islands fall into two distinct groups, the western group closely connected with south-east Asia and the islands immediately to the north-east of Australia. For purposes of supply and defence the latter are most closely associated with the islands of the central Pacific which have been in the possession of Japan since the first great war. The Japanese have thus three great supply routes to maintain and defend, not two. The first of these is the short one to the mainland of north and central China; the second runs along the coast of China to south-east Asia and the western group of islands; the third route runs almost due south from Japan along a chain of coral islands to the naval base at Truk, branching there into shorter lines to the Marshall and Gilbert Islands and into the main line to Rabaul and the Solomons.

By now it is clear that to supply China adequately overland from India is, and must remain, difficult or impossible. Even those who think that Japan could be brought to her knees by bombing from land-based planes in large numbers concede that the Japanese army

would have to be moved back to the coast of China before bombing could begin. Unless Russia enters the war against Japan the early stages of the war must be carried by naval power. And since that power is likely to be largely American it must clearly be directed to Japanese power in the islands of the central Pacific rather than at Singapore. That this is the strategy which has been chosen is revealed by the attack on the Marshalls and the threat to Truk.

In the light of that strategy the long and painful struggles of the past two years in New Guinea and the Solomons become more intelligible. Here the army, navy and air forces got battle experience, tested their equipment and developed the leaders who will command in the final assaults. At the same time they have succeeded in neutralizing the Japanese naval base at Rabaul just at the time when the American navy felt itself strong enough to throw down the gauntlet to the Japanese navy in its main central Pacific zone of defence.

The Japs will probably not accept the challenge but will sell the islands as dearly as possible. After all, Rabaul and Truk are centres of an outer defence zone which is seriously threatened by the growing United Nations strength in Australia and the Hawaiian Islands. When they are lost the Japanese will still control the richest part of the island empire they overran. It is, moreover, that part of the East Indies which protects south-east Asia from direct attack and the Japs perhaps value a foothold on the mainland more than the possession of the islands themselves.

Once the Japanese power in the Truk-Rabaul area has been destroyed the obvious next move is an attack on the Philippines or, even more boldly, an attack on Formosa or some port on the Chinese mainland. Such an attack would threaten the whole Japanese position in south-east Asia and would be one which their navy could hardly ignore. Conceivably they might even then refuse open battle with the American fleet preferring rather to retire within the area protected by Japanese land-based planes and from that base do as much damage as possible to the convoys by which the Americans would have to supply their mainland bridgehead. Our supply lines would be of enormous length and not easy to defend. It may be that by the time such an enterprise becomes possible British naval forces in the Indian ocean will be in a position to attack Singapore at the same time. In any case the road is still long, though perhaps not so long as "island-hopping" at first seemed to suggest.

THE POWERS CONFER

The startling change which has come about in the last year in the relative power of the Axis and United Nations is nowhere illustrated more strikingly than in the field of international conferences. Rarely do we now recall the days when Hitler and Mussolini used to occupy the centre of the world's stage with their meetings; the apprehension with which results were awaited is gone forever. The shoe is now on the other foot. Churchill and Roosevelt have fought this psychological warfare against the nerves of the enemy as vigorously and as skilfully as the Axis partners ever did.

The power which their successive conferences have had to keep the nerves of the Axis countries on edge comes from their keen realization that they are not for show, that they have a real function to perform in the organization and conduct of the war. In this respect at least immense advances have been made over the co-ordination which was achieved in the first great war. Then it took the form of unified command on the western front. Today the military effort of the British Empire and the United States in all parts of the world is directed by the combined Chiefs of Staff committee, meeting permanently in Washington. In the last war, meetings between the heads of government were rare; today they have become a regular feature of United Nations organization for war. In his speech at Harvard University on September 6, 1943, Mr. Churchill remarked that in the work of the combined Chiefs of Staff differences of opinion were bound to arise and that was why it was necessary to have "plenary meetings of principals every two or three months". In the same speech he remarked on the extent to which the members of the combined Chiefs of Staff committee knew, trusted and liked each other and the way they "thrashed things out with great candour and plain, blunt speech". "This was a wonderful system", he continued, "there never had been anything like it between two allies". Mr. Churchill then said that in his opinion, ". . . it would be a most foolish and improvident act on the part of our two Governments, or either of them, to break up this smooth-running and immensely powerful machine the moment the war is over." For the safety of the world it would be necessary to keep it in "running order" until some "world arrangement to keep the peace" had been created and even thereafter "until we know that it is an arrangement which will really give us that protection we must have from danger of aggression". The United Nations are fortunate indeed in the creation and smooth functioning of this centralized command and in particular in the

character and capacities of the two great leaders who have made it possible.

The conference at Quebec in the summer of 1943 was concerned mainly with the planning of developments in the Pacific which had become possible now that North Africa had been conquered and Italy had disappeared as an effective enemy. At Cairo in late November these matters were again reviewed in the presence of Generalissimo Chiang-Kai-Shek. It was then announced that when Japan had been defeated she would be stripped of her empire. Though the Russians could not be present at either of these conferences as they are still at peace with Japan, Mr. Churchill expressed the hope at Quebec that a conference be arranged shortly at which Russia might be drawn more closely into United Nations planning.

The conference of foreign ministers of Russia, the United Kingdom and the United States which was held in Moscow in October in response to this and similar invitations was perhaps the most important conference of the year not excepting the subsequent actual meeting between Stalin, Churchill and Roosevelt in Teheran. Its most substantial result appears to have been the fact that for the first time there was a full and free mutual disclosure of military plans by the powers involved. It was possible, apparently, to convince the Russians that there were difficulties and obstacles to the invasion of Europe by sea with which they did not have to contend in mounting a new land offensive on the plains of eastern Europe and that the invasion had been set as early as it was thought possible to assure success in the light of the difficulties to be overcome in mounting it. Discussion of the second front issue by the Russians has died down since the Moscow conference.

If it works out as Mr. Eden and Mr. Hull believe that it will, Russia's agreement to go along with the capitalist powers of the west in making peace and planning the post-war world is also a "pretty considerable result" as Mr. Eden expressed it at the time. And there is good ground to believe that the Russians will be as good as their word. It is too often forgotten how suspiciously we looked on Russia's support of the League of Nations in years gone by. We did not then believe it could be genuine. But since that time the western powers have perhaps come to realize more clearly that they will have to learn to live in a world having governments and peoples with forms and beliefs different from their own. It is a most important earnest of good faith that the Russians consented to participate in the immediate creation of a European advisory council to study the problems of Europe in the immediate post-war

period and also to join a regional council for the Mediterranean which dealt at once with the problem of Italian reconstruction.

Teheran had nothing to show to the public to put beside these substantial results from Moscow. Its greatest significance plainly lay in the fact that the three leaders met together for the first time. It is to be hoped that they began the creation of that mutual trust between the leaders of Russia and the west upon which our hopes of real co-operation after the war must rest. For the war, they reported further mutual enlightenment and co-ordination of effort and plans; for the peace they reported merely that they had together "surveyed the problems of the future" and invited all nations of goodwill, big and small, to join in their solution. The failure to go into the future of Germany and the other Axis powers in Europe in the way the United Nations intentions about Japan had been detailed after the Cairo conference was most conspicuous at the time and the occasion of much adverse comment. But second thoughts minimized the importance of the omission. The intention to strip Japan of her conquests needed to be made clear; that Germany would be driven from the lands she had overrun, there was no question anywhere. The disturbing fact is that in neither case was anything said as to what would be done with the defeated enemy after he had been driven once more within his own boundaries.

POWER POLITICS AND THE PEACE

In a speech in London toward the end of 1943 General Smuts discussed the postwar world in terms of what has come to be called "power politics". The old Europe had gone forever. Italy will never be a great power; France may not. Germany will have "disappeared perhaps never to emerge again in the old form"; Britain will be great in prestige and honour but "she will be poor". He therefore suggested that she should consider forming with other democracies of western Europe a power centre able to deal on more equal terms with the other two members of the power "trinity", upon whom the peace will depend, the United States on the one hand and on the other that "colossus" that bestrides the Eurasian continent, Russia. He thus aligns himself with the present notable trend toward the view that the great aggregations of power which a global war inevitably creates will, if they are perpetuated, be enough to guarantee the peace, that the small nations have no role to play except to become the satellites of one of the great powers, and that the prospect of peace lies in a proper "balance" between the several power centres. To this he adds an analysis of the present power situation and prospects which sees Russia as the nation of over-

whelming power against which similar aggregations must be assembled.

One does not need to be a cynic to read much human history so as to support the "balance of power" theory. It is clear that for years at a time the balance between groups of nations has been such that none dared to disturb the peace. But the greater periods of peace in world history have not been those when so unstable an equilibrium between the great powers was precariously maintained. Rather they have been periods in which the power of one nation was dominant but was exercised with such consideration for the views and interests of the smaller nations as to make it tolerable. The most recent such situation was the 19th century when the British navy kept the peace and the economic power of the United Kingdom was so exercised as to benefit the world as a whole through the support it afforded to the world economy. When other powers arose willing to challenge Britain's power but unwilling to share the burden of Britain's economic leadership, Europe slowly drifted to the first great war, to the chaos of the inter-war years and finally to war once more. Merely to transfer "balance of power" practices from European to world politics will not alter their essential characteristics however; but it may well multiply the occasions for conflict and intensify the disaster to mankind when it occurs.

It is surely fantastic also to regard Soviet Russia as a "colossus" whose power is so great that it must be matched by an offsetting power group in Western Europe. Whether such is the prospect which the future may unfold we may well leave to the students of geopolitics. For the next decade or two, which is all that need concern us now, Russia will be no threat to the peace of the world, unless her very existence is once more in doubt.

The remarkable success of the Russian armies over the last year, the superb qualities of the Russian soldier and the efficiency of the officers which lead him, should not blind us to the significance of the other factors upon which the Russian achievement has been based. No longer does man-power alone spell military might, as China's impotence against Japan makes plain. The hoary legend of Russian hordes ready to overrun Europe and submerge its civilization belongs to the past, however much Dr. Goebbels may rely on it still. Russia wins today not only because of the admirable military quality of her men but also because she is able to apply greater mechanical power than the Germans are able to bring against her. That power is the product of years of terrible sacrifice by the Russian people, first in the industrialization of the country and then in the manufacture of

the weapons of war. But such sacrifices cannot be expected of a people forever. Russia's masters will soon have to turn more of her productive power to the satisfaction of some of the needs of the consumer than they have done in the past. Not only so but the productive power itself will not be so great as it may now appear. Alike in the devastated Ukraine and the hastily and wastefully industrialized areas of the Urals, a vast work of reconstruction lies ahead. The urgency of Russia's demands for quick action to end the war is comprehensible.

That Russia's rulers have a very realistic appreciation of the foundation on which their power rests and the need they will have for the sympathy rather than the antipathy of western peoples in the years to come is shown by a sharp reversal in the trend of Russian policy in the last twelve months. The international organization for the propagation of communism in other countries has been disbanded; and in Russia men who have served their country well in the army are henceforth to be admitted to the ruling group, the Communist party, without too close inquiry into their beliefs. Emphasis seems to be shifting to reliance on nationalistic feeling rather than reforming zeal as the driving force in social action. The history of Russia receives new attention and the attitude of the state toward the church is softening.

But above all this in significance is the lead Russia has recently given toward the development of methods by which great and small states may co-operate on some basis other than the mere dominance of the more powerful. That Russia should insist that states on her borders should depend primarily upon her for their political security is natural and perhaps inevitable. In any post-war organization there will have to be provision for especially intimate relations between neighbouring states. *The Economist* of London remarks, for instance, that Poland must rely for her existence as an independent state not on the support of some world organization but on the power of either Germany or Russia—and Hitler has already decided for the Poles which power it is to be. Czecho-Slovakia has made a treaty with Russia which regulates their relations so much to her satisfaction that she is urging her neighbours to come in under a similar formula. Russia also indicated the type of relationships she has in mind by the recent dramatic grant of a degree of autonomy to border republics which have hitherto been integral parts of the Soviet Union. Within certain broad limits they are to conduct their own affairs, manage their relations with their immediate neighbours outside the Soviet Union and have the right to belong as separate nations to any international organization that may be set

up in the future. There appears thus to be coming into being a variety of methods by which states may be related to each other with varying degrees of intimacy as an alternative to the power-politics conception that you must be entirely in one camp or the other.

The analogy with the British Commonwealth of Nations is obvious. General Smuts' suggestion that the Commonwealth be widened to include other western European nations having many interests in common with those of the United Kingdom is worthy of the most serious consideration. Canada should be particularly interested in any development in the practices of the Commonwealth which would permit her to extend her relationships with the United States without sacrificing either the advantages or the responsibilities which membership in the Commonwealth involves. One's doubts about the General's suggestion arise not because they may point the way to further developments in the relations between large and small powers but rather from the fact that he felt it necessary to create in western Europe a new centre of political power. Such a new power group would be so well situated to play the old "balance of power" game in relation to the other two members of the "trinity" upon whom the fate of the world is to depend, that the temptation to play it while nominally seeking the peace of the world would be irresistible. That may in fact be the sort of world to which we are moving but we may still refuse to believe that the trend that way is inevitable and so argue that to accept it passively is to give up the battle for a more reasonable world order before it is well joined—and miss the peace beside.

FAMINE AND FINANCE IN INDIA

The periodical famines in oriental countries are matters of mystery to most westerners. Brought up in countries where food is so abundant that farmers find it hard to make a living by producing and selling it and where transportation facilities are so good that a local crop failure could not cause famine, they are bewildered by an economic situation where death from starvation is a regular feature of the national life and at times becomes a widespread calamity. When the famine occurs in the most populous province of India, a country in which British rule and British railways have long made such a thing almost impossible, it is apt to give rise to sharp criticism of the ruling authorities. When some of the critics charge that it is directly the result of the way in which war finance has been handled, it becomes a subject worth attention both because of our interest in India and in the problem of war finance.

The agreement between the United Kingdom and the government of British India, which regulates the financial transactions between the two governments arising from the war, was made in 1939 when the war was far from India and when most Indians regarded it as a European affair with which they had no direct concern. The agreement provided broadly that expenses incurred in India which might properly be ascribed to preparations necessary for its defence should be borne by the government of India; all other expenditures arising from the war fell on the government of Great Britain. The latter included the cost of all imported equipment and stores needed for the expansion of the Indian army and the total cost of its maintenance when used outside India.

The entry of Italy into the war in 1940 made India an important supply base for the campaigns in the Middle East. Japan's conquest of the Indies and Burma in 1942 brought the war to India's eastern doorstep. Yet the political situation in India has remained such that the government of India did not feel it expedient to alter the responsibility of the two governments for the greatly expanded military expenditure which now had to be incurred in India itself. Because of the same situation the government of India has not found it possible to increase taxes within India sharply or to cover as large a portion of its relatively small total expenditures by taxes and borrowing from the people as has been covered in western countries. Nor has the power of the central government in India been sufficient to make it possible to introduce an efficient system of price control and rationing of scarce commodities.

Two consequences have followed. The larger part of the war expenditures made in India have had to be financed by the government of the United Kingdom. The note issue in India was increased by backing it by Indian sterling securities bought from British investors or by sterling balances placed to the credit of the government of India in London. In this way almost all of the sterling debt of the government of India has been repatriated to India and the Indian government now holds title to an ever-mounting pile of sterling balances in London. In the second place monetary inflation is serious in India. If the government of India is unable to cover all of its own relatively modest expenditures by taxation and borrowing from the public, it is evident that most of the expenditures of the British government in India are added directly to the money supply. The currency in circulation by the end of 1943 had reached a level thirteen times that of August 1939. Part of this expansion is required by a greatly increased activity of business; but most of

it has been inflationary. The price level in India in late 1943 was over three times the level of 1939.

The apparently obvious connection between monetary expansion and the rise in the cost of living in India has been denied by some Indian economists. Baldly stated their arguments look much like the discredited "scarcity of goods" arguments which crop up in every period of inflation. But in India they undoubtedly have some validity. In a country where many people live near the subsistence level the supply of goods above the minimum is not great despite the huge total production of food. In 1942 the rice crop in Bengal was poor and at the same time this very densely-populated area of the lower Ganges valley was shut off from its usual large rice imports from Burma and other parts of south-east Asia. The government of Bengal was in no mood to act promptly and effectively and in the light of the political situation the central government did not desire to do so. Transportation by railways already strained by war-time traffic was further hindered by the flow of starving peasantry to the cities. Rising prices for food did not bring it on to the market as was expected, for which speculatively-inclined middlemen have been blamed. There thus seems much reason in the plea that scarcity of commodities rather than expansion of the currency is a sufficient explanation of high prices. Inflationary factors such as the expenditures of British and American troops in India and the higher wages of war workers were admittedly present; but it may well be that in 1942 their influence was less important than genuine scarcity of food. As the price indexes continued to move upward through 1943 despite improvement in the food situation, one must now explain the rise as due chiefly to that artificial "scarcity" of goods which comes from too much money.

Some reflections of general interest are suggested by this experience. A country cannot escape the real burden of war (by contributing its available surplus of agricultural and industrial production) simply by a refusal to assume the financial burden openly. The burden will rest on the people, if not by taxation then by inflation. Starvation of the poorer classes in Bengal is a particularly pointed lesson in the inequity in burden-bearing which inflation can produce and which heavy taxation, price controls and rationing may largely avoid. Yet despite the fact that the burden placed upon him who starves because of war-induced scarcity is beyond measurement, the actual contribution in men and resources from a very poor country cannot be large. Pouring machine tools and other equipment into India cannot create industry on the western scale relative to her population because the surplus food to support a large percentage

of her people working in factories is not there. The three-quarters of all her population, which live on the land, produce barely enough for their own subsistence and that of the other quarter in other occupations. Before the war perhaps no more than 5% of the people got income from industrial pursuits.

This poverty which so limits possible industrial development, if it must be supplied from within the country with the food and materials required, is a matter of deep concern to Indian leaders of all parties. They think that it is to be cured only by rapid industrialization. And they propose to foster that development by using the sterling balances they have acquired to buy from the British and others the machines, raw materials and capital equipment that will be required and by limiting imports of competing consumer goods. They are not much interested in the expansion of world trade by the reduction of tariff barriers; the industrialization of India must come first.

WARTIME BANKING IN THE UNITED STATES

The most conspicuous effect of war on banks in the United States, as in other countries, is the enormous increase in their total assets and liabilities. At the end of 1943, for member banks of the Federal Reserve System, total loans and investments stood at \$74 billion by comparison with \$25 billion at the peak of inflation after the first great war, \$35 billion in 1929 and \$33 billion in 1939. At the same date the total of deposits of United States banks and currency outside banks stood at \$120 billion, three times the level of 1920, and twice that of 1939. Currency outside banks, which amounted to \$4 billion in 1920 and again in 1929, had risen to \$6 billion in 1939 and to \$18 billion by the end of last year.

The sole cause of all this is the huge war expenditures of the American government and its inability, in common with the governments of other countries, to finance the war without resort to borrowing from the banks. Of a total increase in the debt of the Federal government amounting to \$105 billion in its two years of war, \$56 billion only has been sold to private investors and \$49 billion has gone to the commercial and the Federal Reserve banks. The fact that the total war expenditures of the American government have probably reached their peak does not mean that the expansion in the volume of money will therefore cease. The debt will still grow and the banks will have to take a large, though probably a diminishing, share of the increase.

The increase in deposits has been mainly in demand deposits and has occurred for the most part in business accounts in banks outside New York city. This reflects the geographical distribution of the excess of government expenditures over receipts. In New York the government has collected more than it has paid out, and the funds of banks in the interior have been more fully occupied at home. The growth of assets has been almost entirely in government securities. From a level of \$4 billion in 1929, depression and New Deal financing had raised the security portfolios of the banks to \$14 billion by 1939; by the end of last year however they had climbed to \$53 billion. Though the Federal Reserve Banks have assisted the commercial banks to purchase this volume of securities, the huge addition to deposits has reduced excess cash reserves of the banks from almost \$7 billion at the end of 1940 to \$1 billion. The larger part of the expansion of Federal Reserve credit from \$2.3 billion at the end of 1941 to \$11.9 billion two years later has been due mainly to an \$8 billion dollar rise in the volume of currency in circulation outside banks. As in Canada so in the United States the main reason for the expansion of central bank credit during the war has been the public demand for currency.

Two features of this wartime expansion in American banks will probably last for many years. Until the Federal government reduces the national debt the volume of bank deposits will stay high and government securities will bulk large in commercial bank portfolios. Nor is it likely that the custom of holding large excess cash reserves will return soon. By contrast with the first great war governments in the United States, as well as in other countries, have adopted the practice of fixing interest rates at given levels and maintaining the prices of government securities by central bank support of the security markets. This policy has given such securities a very high liquidity rating; they are almost as good as cash as long as that policy lasts. The investments of the commercial banks, moreover, have been trending to the most liquid form of government securities, those maturing in less than a year. Such securities now form over forty percent of earning assets. The Federal Reserve authorities have encouraged the banks to rely on these securities as they formerly did on excess reserves to meet unexpected cash reserve requirements. They are discountable at the Federal Reserve banks, under repurchase agreement if the bank desires, at the very low rate of three-eighths of one per cent. The banks are thus offered a very elastic means of meeting their reserve requirements and the holding of excess cash has become almost unnecessary for member banks of the Federal Reserve System.

The Currency Plans and World Trade

HOWEVER grim the struggle that is before us in 1944 the end of the war in Europe is generally believed to be much closer than seemed probable a year ago. Consequently the sense of the urgency of plans for the post-war period has risen markedly. It is a notable feature of this heightened interest in the world after the war that most of the concrete suggestions now being made deal with its economic rather than its political problems. In the early years of the present war there was an outburst of plans for world government but today these plans have almost no successors. Indeed the absence of governmental pronouncements on the political problems which press upon us, especially in Europe, has given rise to a mood of scepticism, a feeling that for most of them there probably is no general solution, that the only practicable policy is to deal with each problem as it arises, hoping that some intelligible pattern will in time appear. On the economic side however governments vie with business associations and private individuals in setting forth their views as to how this or that aspect of economic life should be handled. At Ottawa the speech from the throne which set out the legislative program for the current session of Parliament was heavily weighted with proposals for the improvement of the welfare of the people and the maintenance of employment after the war.

This strong bias toward economic matters probably reflects the fact that a large number of people believe that "avoidance of mass unemployment" ranks first amongst post-war problems. This is in marked contrast with the situation after the first great war when political problems were uppermost as the war neared its end. The fourteen points of President Wilson's armistice terms were little more than the crystallized result of a year of intense discussion on what to do with Germany. By contrast there was little debate on economic problems. That there should be an immediate and general attempt to restore the pre-war economic system was nowhere questioned. Indeed many of the most serious post-war disturbances arose out of the fact that the nations of Europe made this attempt with what seems today remarkable light-heartedness. One by one they restored the freedom of the market, assuming apparently that they would thereby most quickly recover a smoothly-functioning world. Such conferences as were held in an attempt to prevent the degeneration of the international economic situation were rendered ineffective because of the almost universal belief that no such action was really necessary.

Today there are few indeed who believe that the restoration of the economic system of the inter-war period is desirable. An important group, both amongst economists and business men, believes that it would be wise, and sufficient, to free the capitalistic system from the restraints upon its operation which have become so important since 1913. They would probably concede the wisdom of doing some minor repairs on the 19th century model; but they believe that the restoration of the essential principles of the old machine affords the only basis upon which we can achieve that increase in individual economic productivity which rising standards of living require. At the other extreme are those who do not think such a restoration either possible or desirable; for them, governmental operation of the economic system is the only adequate basis for a society which shall produce wealth abundantly and distribute it justly. Between these extremes lies a series of groups whose programs propose varying mixtures of governmental and private enterprise. One of the greatest obstacles to the creation of an economic system which shall relate individuals tolerably to each other in the business of making a living is this great diversity of views as to what should be done. We shall, it is true, avoid being unanimous in a faulty analysis of the requirements of the situation, as in 1918. But there is grave danger that the sharp contrasts in present-day opinions may lead to day-to-day decisions by governments which show no pattern whatever. This danger is increased because these differences are hardening on national lines. It will immensely complicate the issue if our differences of opinion on economic policy get mixed up with the emotions of nationalism.

This trend to national differences in points of view on economic policy is clearly visible in the widespread discussions which have taken place on the plans proposed by several countries for a new international monetary system. Much opinion in the United States seems to favour as complete a return to the old system as possible, even to the point of being sceptical of the need for any currency plan at all. British opinion moves strongly toward the view that the new arrangements suggested in the currency and related fields may be quite insufficient to enable the United Kingdom to meet its post-war economic difficulties. Russia is only mildly interested in the debate: that her post-war economic relations with other countries will be carefully regulated there is no question.

Broadly speaking, the significant difference of opinion on international economic policy lies between those who look to the restoration of a world economy composed of all nations trading as freely as possible with each other and those who think the only practicable

policy lies in organizing the nations into a series of smaller groups. Advocates of a world economy feel strongly that both economic security and a rising standard of living can be obtained only when all nations reduce the costs of commodities by specialized large-scale production for a world market. They seek, therefore, to reduce obstacles to foreign trade, to stimulate international investment after the war and to create, in the currency plans, a world monetary system which will make it possible for each country to join a world economy safely. As Mr. Rasminsky so clearly explains elsewhere in this issue, by assuring adequate short-term financing the plans would stabilize exchange rates and remove the pressure to balance international accounts by restricting foreign trade which was so powerful in the 1930's. Under all plans the creditor shares with the debtor country responsibility for the restoration of balance when it is disturbed.

Since the plans appeared two main criticisms of them have been made. Some American critics thought them unnecessarily ambitious to begin with—all that was essential was the stabilization of the pound sterling-United States dollar rate; this would provide a nucleus of exchange stability which other countries might later join as their economic circumstances permitted. At a later period, when the size of the line of credit which the schemes made automatically available to other nations was appreciated, it was felt that if all this new international money was to be spent mainly in one country, the United States for instance, the danger of price inflation in the immediate post-war years would be gravely accentuated and the task of price control in the period of post-war commodity scarcity made practically impossible.

No advocate of the currency plans would question the weight of the latter objection. It might be met, however, by setting up a scheme and postponing its application until the board created to manage it thought it wise in the light of actual circumstances. That the schemes are ambitious and will meet serious political opposition is also obvious. But their advocates believe that bold measures are required and deem them no more difficult politically than the agreement amongst the great powers which is the alternative proposed. Neither of these objections to the proposed plans is fundamental however. The critics accept the same aims and objects—a multi-lateral trading world—as the authors of the plans. Their doubts concern the best road to attain it and the proper timing of action required along the way.

The much more serious obstacle to the acceptance of the new

currency plans comes from the growing number who appear to doubt both their practicability and their desirability. They accept as axiomatic the view that the political demand for a high level of employment and a greater degree of economic security is going to be irresistible after the war. They think the economic policies which governments will therefore be forced to adopt will make impossible the freedom of international transactions which a world economy would require. The most that can be hoped for is that each great power will assemble around itself a group of smaller countries as economic satellites. Economic blocs would thus be created by neighbouring countries whose interest both in the freest possible trade with each other and in a common economic policy with respect to employment would be obvious enough to make it politically possible. There does not exist in the public mind sufficient appreciation of the fact that the economic welfare of all nations is bound up together to make it practicable to attempt to create a world trading community and the world economic policy which the successful functioning of such a community would imply. That understanding may perhaps be sufficient to do the same thing on a smaller scale.

If a choice between economic blocs is the only one that is to be open to the smaller countries, it will be a most difficult one for some. If Canada, for instance, had to choose between a sterling and a dollar bloc either alternative would involve a drastic readjustment of our economic life. Many think, therefore, that our interests are likely to be best served by membership in a world economy.

The Bank Act of 1844

THE year 1944 is the centenary of the most significant rechartering of the most famous bank in the world, the Bank of England. In the year in which the Parliament of Canada is to consider once again the charters of the commercial banks of Canada, it may not be inappropriate to look back at the problems and controversies of a hundred years ago.

The Bank of England reached the preeminent position which it occupied amongst English banks in the early 19th century not only because it had been managed by some of the most skilled financiers of the "City" of London but also because it had from its beginning a monopoly of the business of issuing bank notes. The Bank was founded in 1694 by a company of London merchants who had

played a large part in ousting the Stuarts from the throne of England in 1688 and who felt bound consequently to support the new government of William and Mary by subscribing to a government loan. So bad had been the record of government in paying its debts in the past that it was always necessary to induce such subscriptions by making some material concession to the subscribers in addition to the rate of interest which the securities carried. In this case the grant was one of the monopoly of the right to issue bearer notes for general circulation. This monopoly of the main form in which banks then extended credit to their customers was subsequently limited to the issue of such notes by partnerships having six or more partners. Though this was a slight infringement of the Bank's monopoly when it was introduced, it became the loophole through which the growing number of "country banks" entered into competition with the Bank of England. Curiously enough the Bank made no bid for the growing volume of country business. Though pressed to do so, it refused to open branches in any significant number outside London. Its notes thus became relatively scarce and since there was never any question about their soundness, the country banks used them as cash. In this inadvertent fashion the Bank of England thus became what we would call a "central" bank. The volume of country bank notes and hence the volume of money in the country came thus to depend to a peculiar degree upon the freedom with which the Bank of England issued its notes. In the hands of the country bankers, many of them reckless and unskilled, a small increase in Bank of England notes became the basis for a multiplied issue of country bank notes. The freedom with which the Bank of England "discounted" bills or purchased securities became thus a matter not only of significance to its owners but a factor of great importance in the national economy.

The views which were embodied in the Bank Act of 1844 grew out of the experience of a great inflation during the Napoleonic wars and the rather severe business cycle fluctuations of the 1820's and 1830's. Modern monetary theory has its origins in the lively controversies during the wars especially as to the cause of the "high price of bullion", that is, the depreciation of the paper pound in terms of gold. The pound would no longer sell on the foreign exchanges, since the "restriction" of gold payments in 1797, for its former gold content. The controversy took the form of criticism of the Bank of England for an "over-issue" of its notes which was held to have caused a still more extended country bank issue and thus a depreciation in the value of the currency which had thus been created in "excess". Its critics contended that the restoration of

the gold standard would limit the power of the Bank to issue notes since it would have to be prepared to redeem them in gold on all occasions. The Bank's directors indignantly rejected the notion that their actions as private bankers had any connection with the behaviour of the foreign exchanges and asserted that as long as they issued their notes only by purchasing the trade paper which business men offered them there could be no over-issue. The very existence of the trade paper proved that business men needed money to finance the transactions out of which the paper arose. By the end of the war the fallacy in this line of argument had been detected and it was generally agreed that the limitation of convertibility into gold was a necessary additional restriction. The advocates of a return to the gold standard were sure that the limitations it imposed would be sufficient to keep the volume of currency within bounds.

In this respect the experience of the 1820's and 1830's proved a bitter disappointment. Despite the fact that England was firmly established on the gold standard, booms and crises followed each other in violent succession. Though the Bank of England did not openly retract its earlier view that it had no especial obligation to consider the public interest above that resting on all banks, its directors conducted the Bank as if they fully realized and accepted an especial responsibility. The Bank withdrew from open competition with the other banks for "discounts", kept its discount rate above that of other banks and attempted to stabilize the total volume of Bank of England notes by keeping a relatively steady investment portfolio of government securities. The main changes in their notes in circulation arose, under that practice, only as gold was sold to or bought from the Bank.

The events preceding the sharp crisis of 1839 seemed to show that this self-control policy on the part of the Bank of England was ineffective. The Bank blamed the new joint-stock banks for "undue" expansion of their note issues. The banks replied that the record showed clearly that the Bank of England had not stuck to its principles. On the contrary it had not been able to resist the attraction of the good business going in the years before the crisis, had lowered its discount rate and entered into active competition with the other banks. The Bank of England note issue thus expanded rapidly and this increase in their cash reserves led the joint-stock and country banks to a yet more rapid expansion. Two parliamentary committees sat on these questions in the years which followed and out of this discussion the views embodied in the recharter Act of 1844 came.

Sir Robert Peel, who was prime minister when the Act was passed, took a very active interest in this piece of legislation. His monetary

views had been formed largely in the first two decades of the century during the great wartime inflation: he was obsessed with the view that paper money was the chief cause of the troubles of the time. When the gold standard which he was largely responsible for restoring in 1821 failed to prevent the boom and crisis of 1825 and those which followed it, he determined upon a yet further restriction upon the possibilities of note issue in England. His views ran along the same line as those of the "Currency School" to which the most famous economists of that day belonged. They prevailed in Parliament without much opposition.

The Act of 1844 "froze", as we would say today, the note issues of the country and joint-stock banks at their then current levels. In effect it took the power of note issue away from the Bank of England completely by splitting it into two departments, the Issue Department and the Banking Department. Above a minimum issue backed by government securities, Bank of England notes were to be issued by the Issue Department only in exchange for an equal value in gold. The Bank of England note became in effect a gold certificate. The Banking Department was told by the Prime Minister to go about its business as an ordinary commercial bank without the power of note issue. By this Act Sir Robert put an end to the elasticity of the paper currency in England and hoped thereby to end also the excessive fluctuations in the volume of business which he attributed to the "undue" issue of bank notes. This scheme was thus to provide an "automatic" regulator of the volume of money. It took out of the hands of the directors of the Bank of England the task of managing the currency, a task to the successful performance of which he believed no group of men whatever could be adequate.

To have retained this queer structure of their central bank ever since, though it took but three years to demonstrate its insufficiency, is a typical English procedure but it has misled some students of the problems of currency who have argued that the volume of money in England was, for the rest of the 19th century, regulated "automatically" and that the success of the English economy proves the advantages of such a system. Nothing could be further from the truth. Soon after 1844 it was seen that the regulation of notes alone was not enough; deposits acted as money as well as notes. Had the logic of the "automatic" theory been followed subsequent revisions of the charter of the Bank of England would have seen its destruction as a bank by the insertion of the requirement that the deposits of its Banking Department should be backed 100% by gold as were its notes.

It is most significant that no such attempt was made. The realistic English had been convinced by one attempt that, whatever its dangers, money had to be managed; there was no "automatic" system to which determination of the volume of money might safely be entrusted. The Bank of England spent the rest of its history learning how money may best be managed. Since the first great war most nations have established central banks to undertake the same task. There was no need for them to follow the obsolete structure of the Bank of England but few central bankers would deny that they depend a great deal upon the rich experience of the Bank of England.

Since the Bank of England operated in the world's central money market, its operations were in a most important and significant sense world monetary management also. From the fact that its operations took place within the legal framework of the gold standard many have erroneously concluded that the experience of the 19th century has proven that the international gold standard is also an "automatic" currency system to which the world would now be wise to return rather than setting up new-fangled institutions such as "Clearing Unions" to manage the world's money. It is most important to recognize that the gold standard was probably no more "automatic" than was the English domestic monetary system under the Act of 1844. There is much evidence to support the view that to think otherwise is to misread the record—but that topic must await another occasion.

PLANS FOR POST-WAR CURRENCY STABILIZATION*

BY LOUIS RASMINSKY

I HAVE been asked to speak to you tonight on the problem of post-war currency stabilization, with particular reference to the plans which have recently been put forward as a basis for discussion by British, American and Canadian experts. I am very pleased to be able to do so. One of the reasons why the unusual procedure was adopted of publishing draft proposals before agreement was reached was precisely to give public opinion an opportunity of appraising the merits of the plans and of expressing itself while thought was still fluid and before any commitments had been undertaken by governments. The Canadian Government has not yet given thorough consideration to this question and it goes without saying that the views I express tonight are entirely personal.

There are few institutions which could make a more valuable contribution to thinking on this subject than the life insurance companies. In saying this, I have in mind not only the international activities of some of the companies but also the fact that money is the stock-in-trade of the insurance business; you have therefore a vital professional interest in all proposals which relate to the broad problem of monetary stability.

Each of these plans assumes that a return to the pre-war system or lack of system is, so far as international currency matters are concerned, undesirable, if not impossible. The onus is on those propounding these plans to prove their case and, before describing the plans themselves, I shall endeavour to show why a return to pre-war conditions would definitely not be in the Canadian interest.

THE INTERNATIONAL MONETARY SYSTEM BETWEEN THE TWO WARS

The international monetary machine has been creaking badly for the past twenty-five years and it needs a thorough overhauling if not a complete streamlining job. Wars always put a very great strain

*Address delivered to the Life Insurance Institute of Canada, Toronto, November 18, 1943. Published here with permission of the Institute.

on the monetary mechanism, international as well as national, and looking back now it is apparent that the international monetary mechanism never recovered from the strains of the last war. Yet the disorganization of currencies was one of the first problems to be tackled after 1918; and for a time it looked as though it had been tackled successfully. For a few years after the end of the war, Continental European currencies depreciated violently but during the 1920's the greater part of the world made its way back to the gold standard or to some form of gold exchange standard. In doing so it followed the recommendations of the international conferences of Genoa in 1920 and Brussels in 1922. The stabilization of currencies was not carried out, however, in a co-ordinated way but it was a piecemeal process in which each country acted independently, choosing its own exchange rate and choosing its own time for *de facto* or legal stabilization. The process was spread over the whole period from 1922 to 1929; and the result of the independent and unco-ordinated action of a large number of states in stabilizing their exchange rates—generally in terms of gold—was that the structure of exchange rates which emerged was a hodge-podge in which the rates bore no reasonable relationship to each other or to the internal cost and price structures of the stabilizing countries. Inevitably the system got off to a bad start in these circumstances and gave rise to pressures which played a large part in its subsequent breakdown during the 1930's. To mention an outstanding example, the pound was stabilized in 1925 at its pre-war parity: sterling was made to look the dollar in the face. But British costs and prices were too high for this level; British competitive capacity in world markets was impaired, the British share in world trade was reduced; there was a fairly strong deflationary pressure required in the United Kingdom to protect the sterling rate at the new level. On the other hand, the French franc rate was stabilized in 1926 at the low level to which it had fallen under the influence of capital flight: at this level the franc was undervalued in relation to French costs and prices, thus increasing the difficulties of other countries; and these difficulties were aggravated when the French capital was repatriated in 1928 to crystallize the exchange profit to be realized on the low rate.

The international monetary standard which was re-established in the 1920's was a fragile, brittle thing; it was a fair-weather standard which started to break down as soon as the storm clouds of the Great Economic Depression gathered in 1928 and 1929 and which collapsed completely in the 1930's. In the early 1930's the world underwent an unparalleled series of exchange depreciations with

sharp and unco-ordinated swings in exchange rates. The process started in Australia and New Zealand and certain South American countries in 1929; the drastic fall in world market prices of the principal export crops of these countries reduced their exchange receipts and made it impossible for them to continue protecting their exchange rates at the old levels. But the industrial countries soon joined in the parade, in certain cases, such as Austria and Germany, under the influence of capital withdrawals. The British abandonment of the gold standard in 1931 with the depreciation of sterling—and with it, the many currencies linked to sterling—and the deliberate depreciation of the American dollar in 1933 dealt the international monetary system blows from which it never recovered. Here and there attempts had been made to patch it up, notably the tentative stabilization of the American gold-buying price at \$35 per ounce in 1934 and the Tripartite Monetary Agreement of 1936 between England, France and the United States in which these countries (along with certain later adherents) agreed to consult with each other on matters of exchange policy. But the main characteristic of the international monetary system of 1939 was uncertainty tempered by bilateralism. Exchange controls, blocked balances, clearing agreements, multiple currency devices, quantitative trade restrictions and excessive trade barriers all had the progressive effect of fractionalizing the world economic structure, of sharply curtailing the level of world trade, and of destroying the old system under which countries could use the proceeds of their exports to any part of the world to acquire imports from any part of the world. War or no war, the system lay in ruins and could not long have survived. Needless to say, the disequilibrium caused by the war has not helped the situation. Whatever our hopes for the future may be, there can at least be no question of going back to this unsatisfactory state of affairs.

REASONS FOR THE BREAKDOWN OF THE PRE-WAR SYSTEM

It would take me too far afield to analyse the fundamental reasons for the breakdown of the international monetary system in the 1930's, but I must say something about this to provide a background for the consideration of the currency plans. I believe that there were five main reasons—and most of them are implied in the brief description I have given of the monetary experience of the inter-war period.

First, as I have indicated, the lack of any mechanism for obtaining a co-ordinated structure of national exchange rates resulted in

a topsy-turvy pattern which put unnecessary strains on national economies. An exchange rate by definition is a rate between two currencies; and unilateral action on the part of one country automatically changes other countries' rates on *it*. If we could obtain a mechanism through which the initial exchange rates became matters of joint approval on the part of many countries, there would be a greater likelihood (a) that the structure of exchange rates would be reasonable and therefore durable, and (b) that adjustments which later turned out to be necessary in particular cases could be made without provoking retaliatory and offsetting action on the part of other countries.

Second, capital flights played a large part in the breakdown of the 1930's and the system of the future must deal with the "hot money" problem. A sense of political security is the primary requisite but at least until confidence has been established over a period of years, direct controls over the disturbing movements of short-term funds from one financial centre to another will be needed.

Third, the wide swings in the prices of primary products which characterized the second and third decades of this century were mainly responsible for the exchange fluctuations of agricultural countries. When world market prices of raw materials fell under the reduced demand resulting from depression in industrial countries, exchange depreciation was frequently used to stop the decline in the incomes of farmers and other primary producers in the exporting countries. Unless some method is found of ironing out these price fluctuations, we can continue to look for periodic currency instability in agricultural countries.

Fourth, the existence of large-scale unemployment in the industrial countries during the 1930's and the lack of any adequate machinery for dealing with this problem through co-ordinated action on an international scale was one of the main reasons for the breakdown of the international monetary system. When the economic depression developed in the 1930's, each country naturally sought to take what steps it could to alleviate it, to maintain and increase employment and incomes. Such steps involved everywhere some degree of monetary expansion. But monetary expansion tends to increase the demand for imports and, through its effect on prices, to reduce exports—unless all important countries are keeping in step, and there was no machinery for keeping countries in step. There were few countries whose international reserves were large enough to stand such a strain—a strain which might be and was in many cases

aggravated by capital flight. In attempting to combat depression, most countries therefore had to combine their domestic re-employment policies with other measures, such as trade restrictions, exchange controls or excessive currency depreciation, designed to protect their exchange holdings. There was a fairly general realization that these latter policies were short-sighted and that ultimately all would suffer as a result of their universal adoption; but the exchange position of most countries was such that they could not afford to take anything other than a short-run view. It is this same danger that trade policies will be dominated by short-run exchange considerations that must be avoided after this war if we are not to lapse into the same beggar-my-neighbour type of economic policy which characterized the 1930's. One thing seems certain: that governments will in future regard the maintenance of employment as an aim which takes precedence over exchange stability; and if exchange stability is desired, some technique must be developed to make these two aims compatible. There is no use in merely urging a return to the international gold standard. No doubt gold will remain the most convenient form in which to hold international reserves and all the plans provide for the continued use of gold for this purpose. But many countries have inadequate gold reserves and large external liabilities; and in any case there are few countries which would be prepared to base their domestic financial policies exclusively on their gold holdings and undergo the periodic deflations and inflations which this discipline might entail.

Finally, the international monetary organization of the inter-war period broke down because the commercial and foreign investment policies of certain creditor countries, in particular the United States, were inconsistent with their creditor status. There was an imperfect realization of certain basic facts—that the only good debtor is a prosperous debtor, that trading means buying as well as selling, that foreign countries can produce the means of paying for their imports or paying the service of their debt only through the international movement of goods and services. For a while these elementary truths can be obscured by the use of gold reserves to create foreign means of payment, but the transfer of gold reserves from debtor to creditor countries can last only so long as the gold reserves of the debtors themselves hold out, and by the end of the 1930's they had been virtually exhausted. Here again, unless the creditor countries achieve a greater sense of the responsibilities involved in their position, unless they carry out policies which enable other countries to acquire sufficient supplies of their currency either by importing

more or by consistently lending their surplus abroad at long-term, then any type of international monetary organization will break down.

CURRENCY STABILIZATION AND OTHER INTERNATIONAL ECONOMIC PROBLEMS

In the light of this background, it will be clear to you that the problem of currency stabilization is only one of the many problems which will have to be tackled and solved by joint international action if we are to succeed in reconstructing a functioning world economic system when this war is over. The problems of commercial policy, of international investment, of the stability of raw material prices, are no whit less important; and no monetary organization, however perfect, could long survive the stresses and strains that would be set up if we were to revert to the pre-war history in these fields. But a start must be made somewhere, and the fact that a house has many doors is hardly a good reason for staying out in the rain. Moreover, on looking more closely at the other problems I have mentioned, one finds that not much mental progress is made without at least a general idea regarding the nature of post-war monetary arrangements.

Let me illustrate this point by referring to commercial policy, a question in which we as a great trading nation have a most vital interest. One of the main financial effects of the war has been to concentrate to a still greater degree the monetary gold reserves of the world in the hands of the United States and to impair the international financial and economic position of certain other countries. Consider for a moment the situation that is likely to develop if the war ends without any arrangements having been made with regard to monetary stabilization on a co-operative basis. Certain countries, particularly those in the war zones of Europe and Asia, which have lost their export markets under war conditions and been sustained by Lend-Lease, Mutual Aid, etc., will have very large import requirements to reconstruct their devastated areas, to re-equip their industries and to make good the wartime deficiencies in the consumption of their people. But many countries, notably the United Kingdom, will be short of liquid means of international payment. What choices will these countries have? They can try to obtain the foreign currencies required to cover their essential imports by forcing their exports on the rest of the world. Theoretically, they could try to do this by measures of internal deflation which would reduce their relative price levels—but the cost of this in terms of domestic unem-

ployment and loss of income are so great that this course can be dismissed as impracticable. Or they can attempt to increase their exports by depreciating their exchange rates to a level which will make their exports very cheap in foreign countries or they can try to do it by outright export subsidies. If either of these courses is followed, the interests of other countries are adversely affected, and they will naturally retaliate in kind. This will start a process of competitive exchange depreciation which will soon lead to chaos in the world's exchange markets—the weak will weaken the strong. Or suppose that countries, realizing the perils of competitive exchange depreciation, determine to avoid it. What can they do then? They must limit their foreign exchange expenditures to their foreign exchange income, and they will be able to do this only by imposing stringent controls over their imports. We would begin the post-war period with a fresh set of quantitative trade restrictions which would make those of the 1930's look like child's play. Once embarked on this course there would be no turning back. Capital would be invested in the domestic industries which would grow up to replace imports, labour would be employed and once the emergency had passed the difficulties of adjustment would, if experience is any guide, always appear too formidable to face. Countries which were important importers would no doubt seek in many cases to exploit their power as consumers by entering into bilateral trade bargains with their suppliers. They would offer to make large bulk purchases on condition that the proceeds be used to buy goods in the purchasing country. What matter if the goods it has to offer in exchange are not needed by the selling country or if their prices are high?

What I have been describing is the economics of war; it should not be the economics of peace. But if it is not to become the economics of the next peace we must take steps now to prevent it. The only chance that we have of stopping this process is not to let it start. And to do that we must, I think, give to all countries the assurance that they can get on with their tasks of economic reconstruction as co-operative members of the world economic community without constant fear that their domestic policies will be upset by balance of payments difficulties. In other words, we must increase the international liquidity of all countries and give them time to turn around, to reorganize their export industries. In doing so we shall provide a basis for reasonable stability of exchange rates and the development of healthy international trade; we shall provide a background in which it will be possible to discuss the reduction of excessive impediments to the flow of goods from country to country,

impediments which in the end impoverish everyone; we shall provide conditions which reduce the risks attached to the international flow of capital for productive purposes.

I have been referring during the past few moments to the situation which will prevail at the end of the war and to the importance of providing before that time monetary arrangements which will make the adoption of reasonable trade policies possible. I do not wish to give the impression that the new monetary organization which is proposed has only this emergency function to perform and for that reason I should like to state the problem somewhat more generally.

Assume that the immediate post-war import requirements of the war-devastated countries are met through relief or other similar measures. It will still remain a fact that certain countries will wish to buy more abroad than they immediately sell abroad, while the economic structure of other countries will be such that they wish to sell more abroad than they buy abroad. International trade is never exactly balanced: certain countries have surpluses; others have deficits. If these surpluses and deficits are semi-permanent they have to be covered by long-term capital movements. But they may be temporary—seasonal or cyclical. In this case they can be covered by the transfer of internationally acceptable means of payment. But very few countries will have enough liquid reserves—gold and American dollars—to enable them to meet such deficits. If, every time there is a temporary exchange stringency due to some passing dislocation, it is necessary for them to take steps to protect their liquid reserves, they will have to resort to measures of internal deflation with the unemployment and loss of national income which that entails, or to import restrictions. The currency plans seek to avoid the necessity of disturbing adjustments of these sorts by increasing each nation's disposal over internationally acceptable liquid reserves.

Of and by itself a good international monetary organization will not achieve economic stability and too much should not be expected of it. Perhaps the most fundamental need of all is that the great industrial countries should maintain internal stability at a high level of employment and avoid inflation and deflation which would be transmitted to other countries under any international standard which links up the economies of different countries.

This, then, is the general background of the problem to which the currency schemes address themselves. The British and the American plans were published last April and the Canadian plan

was published last June after Canadian officials had had an opportunity of discussing the other two plans with their authors. In some respects the Canadian proposals are an attempt at a compromise but they also contain certain new elements. In all cases the plans have been put forward tentatively and as a basis for discussion without any degree of government commitment.

OBJECTIVES OF THE CURRENCY PLANS

The three plans differ as to details but they all have similar objectives. These objectives I conceive to be:

1. To enable countries in the period immediately after the war to carry out sound economic policies aimed at a high level of production and employment without having to resort to policies which injure other countries, such as excessive trade restrictions, on account of an initial shortage of foreign exchange; and to enable countries thereafter to take a long-run view of their economic policies when faced with a temporary loss of foreign markets due, for example, to a crop failure or to depressions abroad, by giving them assured access to certain foreign exchange resources. In other words, it is the purpose of these plans to make it unnecessary for countries which are faced with a temporary deficit in their international accounts to have resort to internal deflation, or trade restrictions, or currency depreciation, or measures of exchange control imposed on current account transactions, in order to meet it. It is a corollary to the provision of credits to enable countries to meet temporary deficits without resort to such measures that steps should be taken to correct the underlying situation giving rise to the deficits. That is to say, it is an objective of the plans to facilitate restoration of a sound balance of international transactions once this balance has been disturbed.
2. To contribute to the growth and development of healthy international trade on a multilateral basis. It is a condition of membership that countries shall, as soon as possible, abandon bilateralist exchange practices. In other words, it is a main purpose of these plans to get away from the system under which a country is obliged to try to balance its trade with each of its trade partners and to enable countries to have regard to their position vis-a-vis the world as a whole.
3. To provide a mechanism for the stabilization of exchange rates at agreed levels and for subsequent orderly changes when changes are required.

There are few countries which have a more vital interest in the attainment of these objectives than Canada. In spite of the remarkable development in our industrialization during the war years, our resources are still highly specialized and we are still dependent on world markets for a large part of our national income. Before the war it was estimated that about a third of our national income was derived from international transactions. We know from the bitter experience of the 1930's what happens to our economy when the world's markets are closed to our export products.

And not only are we dependent on international trade but we are dependent on multilateral trade. You are familiar with the peculiar structure of our balance of international payments—we habitually sell more to the United Kingdom than we buy from her and we buy more from the United States than we sell to her. To maintain the Canadian standard of living even at the pre-war level (to say nothing of raising it) we require arrangements under which we can offset our sterling surplus against our American dollar deficiency—in other words, we must be able to use our exports to the United Kingdom and Europe to pay for our imports from the United States. This is the immediate practical meaning of a world currency system so far as Canada is concerned. During the war we have perforce operated on a bilateral exchange basis, keeping our sterling in one pocket and our American dollars in another pocket. As we have not been able to use our surplus sterling to cover our dollar requirements we have had to strive for a balancing of our dollar accounts—with results in the way of import, travel and other restrictions with which you are only too familiar.

SOME SALIENT FEATURES OF THE CURRENCY PLANS

The currency plans seek to attain the three objectives I have mentioned by setting up a new international monetary organization. Through this organization, credits will be made available, if required for the maintenance of exchange stability, in specified amounts and on certain conditions. Countries will agree, through this body, on the exchange rates to be established when the war is over and on the procedure to be followed if changes are subsequently required. The ordinary exchange business of each country will continue to be conducted through the usual channels and the international organization will deal only with national treasuries and central banks.

When the British and the American plans were published last April it was found that they differed quite radically in form and in the public discussion which has taken place since then there has

been some tendency to stress the differences and overlook the similarities. I believe that, with few exceptions, the differences are superficial while the similarities are basic. It is partly for this reason that I do not propose to make a detailed comparison of the plans tonight. Such a comparison would, moreover, have to be highly technical and of little interest to any save experts. For example, any plan involving the use of credit to cover temporary deficiencies in balances of payments must necessarily contain some elements of self-equilibrium, some provisions for redressing the balance once it is seriously disturbed. Otherwise unsound positions would remain uncorrected and money would merely have been thrown down the drain. All of the plans do contain such provisions. But it would help little in one's understanding of the general nature of the plans to know that a particular pressure on a creditor or a debtor to correct his unbalance came into play at a certain point in one plan while another pressure of a somewhat different sort came into play at a different point in another plan.

In commenting on the differences between the various plans I shall therefore confine myself to two or three points only and shall refer mainly to those in which the Canadian proposals differ from those of the British and American experts.

FORM OF ORGANIZATION

The most striking difference in form between the British proposal for a Clearing Union and the American proposal for a Stabilization Fund lies in the method through which resources would be provided to, and obtained from, the international agency. In the Clearing Union set-up a new international currency is created (to which the rather odious name "bancor" is given) and each member country is given a line of credit in this currency, the quota of each country being based on its pre-war international trade. No country is required to make an initial contribution to the capital of the institution, but all agree to regard bancor as being as good as gold for the settlement of international balances. A member requiring the currency of any particular country would obtain it directly from that country merely by overdrawing its own bancor account with the Union and transferring these bancor to the credit of the country whose currency it wanted. It will be apparent that the concept is based on the overdraft principle of British banking.

The American plan is based on the more familiar principle of a stabilization fund. Each country would subscribe a certain amount to the capital of this institution, the subscription to take the form

partly of gold and partly of its national currency. The quota subscribed by each country would be determined by factors such as the fluctuations in its balance of international payments, its national income and its gold and foreign exchange holdings. The quota of each country would determine not only its commitment to provide resources to the fund by way of capital subscription but also its ability to obtain exchange from the fund for meeting adverse current account balances of international payments. Exchange would be purchased from the fund for national currency.

The differences between the banking principle of the British plan and the capital subscription principle of the American plan are for the most part technical and aesthetic and one could achieve identical results under either set-up. The only vital difference rests in the fact that in the American set-up there is a definite limit on the commitment of members to provide resources to the fund (namely their capital subscription) while in the British plan the only limit arises from the restrictions placed on member countries' ability to overdraw their *bancor* accounts.

In the Canadian proposals the form of the American fund has been followed and there is a definite limit on the commitment of members to provide resources. It was felt that even though it was true that the actual commitment of each country could be determined to a considerable extent by its own policies in regard to importing, exporting and lending abroad, nevertheless it was desirable to avoid even the appearance of an unlimited commitment, and that the American form stood a greater chance of being generally acceptable.

SIZE OF THE FUND

The Canadian group felt, however, that the fund proposed in the American plan, "at least \$5 billion", was too small. They proposed a fund with assured resources of \$12 billion, of which \$8 billion would be subscribed at once and the balance by way of mandatory loans to be called up from particular countries as their currencies were needed. It is difficult to say what the size of the British fund would be. The aggregate of the individual quotas might be \$30 billion but countries would get into serious trouble when they had used up 50 per cent of their borrowing power.

It is difficult to decide on the appropriate size of a fund of this sort, first, because one does not know at this stage what the probable magnitude of international current account deficits and surpluses will be after the war, nor, secondly, does one know what other arrangements will be found possible to deal with such unbal-

anced positions in the immediate post-war period. It is clear that post-war relief requirements should be dealt with as a special problem and should not give rise to international monetary indebtedness through the stabilization fund. Some arrangements regarding long and intermediate term international investments are also desirable. In the long run, however, it would be safer and cheaper to err, if at all, on the side of establishing a fund whose resources are too large and may consequently never be utilized than to err on the side of establishing a fund whose resources are obviously too small. If the latter course is followed, two main consequences are to be feared. Certain countries, important for the reconstruction of world trade on a co-operative basis, will feel that their foreign exchange position, including the limited foreign exchange credits they could obtain through the new agency, is not secure and will carry out a restrictive trade policy. The fund should be large enough to give all countries a real breathing-space after the war and not merely time to catch a few short breaths. It should be large enough to give countries time to go about their tasks of reconstruction and industrial re-equipment without having to consider wholesale import restrictions, export subsidies and similar measures in order to make both ends meet on international account. The second main danger involved in the establishment of a fund with resources which are too small lies in the fact that it will be generally believed that the supply of certain currencies is likely to be inadequate. If this feeling is widespread, certain countries will hasten to make their purchases payable in these currencies with the result that the fund's holdings will soon be depleted. In other words, too small a fund runs the risk of provoking a crisis at an early stage in the fund's operations. The fund must be large enough to command general confidence in its own stability. It should not be in the position of a bank with inadequate liquid resources or borrowing power, the knowledge of whose weak position provokes a run and which is forced to close its doors as soon as a run develops.

CONSTITUTIONAL PROVISIONS

Another point in which the Canadian proposals differ quite substantially from those originally put forward by the American Treasury experts relates to the question of control. In the original American proposals many important decisions required a four-fifth majority vote and this would have given some of the large countries a veto power. The view of the Canadian experts was that all decisions should be taken by a simple majority, with the single exception of a change in the value of gold. This seems to be the

democratic method and the one best calculated to make member countries take their responsibilities seriously. A negative power in the hands of one or two countries to veto undesirable measures without power to force through desirable measures could only lead to unfortunate results. The policies of the fund would, in such circumstances, tend to become identified with the policies of particular countries and the pressures brought to bear by the fund would cease to be regarded as representative of the views of the whole community but would be regarded as representing the views of particular countries. Continued exercise of the power of veto against the wishes of the great majority of the member countries would wreck the fund in a very short space of time.

On the other hand it must be recognized that certain creditor countries will require assurance that the fund will not play ducks and drakes with their interests and be run by an aggregation of debtor countries who will commit them to courses of action which they find intolerable. To meet this it is suggested in the Canadian proposals that a country which has not been a net purchaser of exchange from the fund should be at liberty to withdraw by giving three months' notice, instead of one or two years' notice as suggested in the American and British plans, without assuming any new responsibilities in the interval. This suggestion is inspired by the belief that a major power, conscious of its responsibilities, would not lightly threaten to wreck the organization by withdrawing; but if it does find the situation intolerable it can make its weight felt in this form rather than through the exercise of a veto. It seems realistic to provide that a country which finds its position intolerable can withdraw virtually at once. Under any formula, however, success will depend on co-operation and a reasonable measure of give and take.

The most recent version of the American plan has practically eliminated the veto power and requires only a simple majority vote except in connection with changes in the exchange rate after the first three-year period for which a 75 per cent majority is required, and for a general change in the value of gold for which an 85 per cent majority is required.

BASIC ELEMENTS IN THE CURRENCY PLANS

So much for the differences among the plans. I believe that I have touched on the most important of them, and as you see none are of crucial significance. I should like to go back now to the similarities. There are three basic elements involved in all of these proposals: first, that nations shall agree on their exchange rates and

undertake to avoid arbitrary changes; second, that credits shall be provided to supplement the foreign exchange resources of countries and enable them to meet temporary foreign exchange deficiencies; and third, that these credits shall be made available through an international agency.

There is virtually universal agreement that the chaotic world currency situation which prevailed at the outbreak of this war should be avoided; that all would benefit from arrangements in which national currencies were convertible into each other for ordinary trading purposes at stable levels. There is room for argument regarding the degree of flexibility one would permit under a general stabilization arrangement. When one bears in mind the difficulties in selecting appropriate rates in the conditions likely to prevail at the end of the war, there is much to be said against making it too difficult for countries to adjust their exchange rates if the initial rates turn out to be inappropriate. This is quite a different thing, however, from unilateral and capricious changes which can only add to the difficulties of international trade.

I turn now to the provision of credits which is in some ways the central part of these plans. What is the alternative? Gold, the traditional internationally acceptable means of payment, is largely concentrated in the hands of the United States. A cash basis of international settlements would soon mean, therefore, that every country's ability to import would be limited to the amount of foreign exchange it produced through its exports, taking these words in their widest sense to include services as well as goods. I have already commented on the probable reaction to this of the countries with large import requirements. But what about the countries with net export surpluses? Is it at all likely that they will be content to have their trade confined to such a strait-jacket after the war? Will the creditor countries, for example, be prepared to face the disorganization of their export markets that would result from their insistence on immediate cash payment? Will they be prepared to reduce their exports to the level of their imports, pile up unsaleable surpluses of export products and face this problem in addition to all the other difficult problems involved in the transition from a war to a peace economy? I think that the answer is "no". In their own interests, not as an act of charity but because the real costs of disorganization of their export trade are far greater, the creditor countries will be prepared to give time for payment. The question that these countries (and Canada is among them) must ask themselves is whether they prefer to finance their export surplus by direct credits to their customers or through the medium of an international agency.

I believe that the latter method is more desirable for a variety of reasons. The first is a reason which I am sure will appeal to you as insurance men—the pooling of risks which can be achieved. A creditor country which helps finance its export surplus by contributing to the resources of an international stabilization fund has as its security the fund's holdings of a large number of currencies, and not one single currency. Second, bilateral credit deals are likely to lead to bilateral trade deals to work off credit balances; the interests of third countries are bound to be adversely affected by such arrangements and they will naturally take steps to protect themselves. Third, bilateral credit arrangements carry with them the danger of political interference, a danger of which small states must be particularly conscious. On the other hand, credits extended through an international agency would be coming from a source which was anonymous and denationalized, with no political axes to grind.

The only constructive proposal which has been advanced as an alternative to the currency plans put forward by the British, American and Canadian officials is the suggestion that certain key currencies—the American dollar and sterling—shall be stabilized through a mutual undertaking on the part of these countries to provide enough credit to each other to support the agreed rate, and that other currencies should be left to cluster round these two. Apart from the difficulties I have already mentioned—and I would lay particular stress on the political difficulties involved in the direct extension of credit between countries—this would mean that the smaller countries, including Canada, would have to become monetary satellites of one or other “key” currency. This is an unenviable position which we should seek to avoid. It is claimed on behalf of the key currency approach that it is less ambitious and grandiose than the other plans. It is true that the other proposals which I have been discussing are large in their conception, but in the words of the preamble to the Canadian document on the subject, they are no larger than the problem itself. By giving to all countries assured access to specified amounts of foreign exchange on certain conditions they aim at making exchange stability and a high level of international trade compatible with domestic economic policies aimed at high employment. They seek to provide conditions which will enable countries to take a long-run view in determining their economic policies and avoid short-sighted restrictive measures—whether in domestic or international economic policy—resulting from fear of exchange shortage. They aim at avoiding bilateralist trade practices and permitting trade to move in its natural channels. And they seek to attain these ends not through direct credits from one

country to another, with all the political risks involved, but through a pooling of credits in an international agency. This agency will not be a super-government with power to direct and control the domestic policies of any country. Countries are asked to give certain undertakings in exchange for certain advantages. But far from reducing a country's freedom of action, participation in such an arrangement would increase the scope for reasonable domestic economic policies.

These plans, the American as well as the British, have been criticized in some quarters on the ground that in the long run they will leave the creditor nations, specifically the United States, holding the bag. I do not think that this is a valid criticism. A creditor country will have an appropriate remedy in its own hands. If a creditor country participating in a plan of this sort wants to reduce the amount of credit it is extending, it has lost through participation no single one of the methods ever open to it—it can buy more abroad or it can sell less abroad. I think that we in Canada are able to take a somewhat impartial view. *Vis-a-vis* the United States, we are a surplus nation in our international accounts; *vis-a-vis* the United Kingdom, we are a deficit nation. Both as surplus and as deficit country I believe our position would be much better under a multilateral system such as I have described than it could possibly be if we revert to a condition of economic anarchy. In the modern world, economic isolation is no more realistic than political isolation.

UNCLE SAM — WORLD BANKER ?

BY WILBERT WARD

TO JUSTIFY my assumption that Canadian bankers are interested in the development of an international money market in the United States, I can do no better than adopt the language of your Deputy Minister of Finance, Dr. W. C. Clark. Prefacing an excellent presentation in New York of proposals for post-war monetary stabilization, Dr. Clark said:

"There are at least two important reasons for the special interest of Canadians in this problem. First, we have a greater per capita stake than any other country in an active and healthily functioning world trade. Although our population is less than twelve million, we are today the third or fourth most important trading centre in the world and even in normal times about a third of our national income is derived from the sale of goods or services abroad. The second and equally important reason is related to the peculiar structure of our international balance of payments. By this I mean that while the United Kingdom is normally Canada's best customer, Canada is normally the best customer and largest debtor of the United States. Considering both trade and financial relationships, our interests are about equally divided between your country and the United Kingdom."

Add to that the further fact to which Dr. Clark also refers, that like the United States, Canada expects to be a surplus or creditor country after the war, and our identity of interest is apparent in a shift of the centre of international finance from the Old to the New World.

A favourite subject for augury, at the turn of the century, was the time when, and the extent to which, the bankers of the United States might learn enough about international banking to finance the country's growing import and export trade, and thus save themselves the sums paid annually to London bankers in interest and commissions for the use of British credit for that purpose.

Perhaps the most interesting—and not wholly disinterested—observations on that subject were those of British origin. Undoubtedly there could be none more representative than that made by the distinguished English economist, Hartley Withers, who, in his "The Meaning of Money", published in 1909, said:

"It is a cherished ambition among Americans to see New York some day established as the monetary centre of the universe and with their vast natural resources and population there is no doubt that the United States can achieve any material task that they choose, if they

can learn the necessary lessons and develop the necessary character. At present the characteristics of the typical American business man seem to fit him to do most things better than banking. His lust to grow rich, his eager enthusiasm and buoyant optimism followed by plunges into apprehension and depression, his quickness and versatility, his keen sensibilities, his craving for speculative excitement and his genius in exaggeration—all these qualities make him an excellent producer, a first-rate distributor, a miraculous advertiser, an unapproachable gambler, and a somewhat questionable banker."

And then he prophesied:

"It will be long before international finance will look with much confidence on a draft on New York which has been shown by experience to be inconvertible in times of crises. When it has lived down this lapse and provided the confidence that is now lacking and the necessary machinery of a discount and money market, American banking may set about making New York the monetary centre of the world. And an American can learn anything, if he thinks it worth while."

The premises in that pronouncement were all true. The United States was then just emerging from the unhappy days of 1907, when, as the financial sky had darkened, all its money, from gold coin to legal tender currency, had gone into eclipse, and business had carried on as best it could with clearing house certificates and other fiat tokens. There were in New York no discount houses or bill brokers, and without a market in which to sell bills, the dollar acceptance was a useless instrument of finance. There was no central bank to which bankers and dealers might offer acceptances for rediscount. Our financial habits militated against the establishment of a bill market. The promissory note—and that, the seller's and not the buyer's note—was the prevailing type of American commercial paper. This commercial paper was distributed to the banks by commercial paper brokers and once in the banks, remained there until maturity. Not only was this paper immobile, but being based upon the capacity of the seller to sell, rather than that of the buyer to liquidate the purchase, it ran into renewals in times of business dullness. The secondary reserves of the banks were, therefore, attracted not to commercial paper but to loans to stock exchange firms at call. The inevitable result was that any pressure of demand for money thus fell with depressing weight upon the securities market through the calling of loans, with the consequent necessity of liquidating margin accounts.

It was against this unpromising background that our state and national banks began, in the early years of this century, seriously to consider the development of facilities for handling the foreign

trade of their customers. It was realized that to enter successfully into competition with the private banking houses and agencies of Canadian and foreign banks on whose services our merchants largely depended, our banks would have to possess additional powers. Consequently, when the Federal Reserve Act was passed in 1913, it contained provisions permitting national banks to undertake international or foreign banking or financial operations, through the establishment of direct branches, or participation in organizations formed for that purpose. The Act also empowered member banks to accept time drafts and provided rediscount facilities for member banks and dealers at the regional Federal Reserve Banks. The task those of our bankers who were interested in the development of the powers so granted, set for themselves, was really a formidable one, and no one was prepared to predict that they would be broadly used. For example:—the First National Bank of Boston (which now conducts branches in Havana and Buenos Aires and has a highly developed foreign department) said in a pamphlet at that time that it seemed “unlikely that the new provision enabling the banks to accept drafts arising from foreign dealings, will bring about any distinct change in the near future” and that the chances seemed slender that we would develop here a general acceptance and discount market of the foreign type and successfully compete with the established international bankers of London, Paris and Berlin.

Thus, even with enabling legislation to assist, it was an enormous task to duplicate London’s facilities for financing international trade and challenge its supremacy in the field by creating here the counterpart of its merchant bankers, private banking houses, foreign banking agencies and joint stock banks, all experienced in financing the products which flowed to the London market from all quarters of the globe, by accepting the time bills of exchange drawn by the shippers in connection therewith. In short, the task that faced us in 1913, if we were seriously to compete with London’s bankers for international business, was: To reform the country’s financial habits by introducing the trade and bank acceptance as a type of commercial paper; to build up a discount market, with discount houses, bill brokers and investors; to educate our bankers to carry part of their reserves in this character of paper; to learn all the intricate details of foreign commodity financing; and to establish through branches or correspondent relationships those contacts with commercial centres throughout the world which are indispensable to an aspirant for global trade. These tasks were set about with characteristic energy.

Organizations such as the American Acceptance Council and the National Foreign Trade Council were constituted under the patronage of banks and merchants interested in foreign trade, to carry on educational campaigns and co-ordinate the foreign trade activities of the nation. The Discount Corporation of New York was formed by ten New York banks to furnish a marketing organization for bank acceptances. Courses in foreign exchange and commercial geography and in the financing of foreign trade were incorporated in the curricula of the Chapter schools of the American Institute of Banking and in the Schools of Business which were rapidly taking their place alongside the older schools of the learned professions and of the sciences of our universities.

And most important of all, plans were laid to establish contacts with foreign markets. The National City Bank of New York took the lead in the establishment of foreign branches by opening in Buenos Aires in 1914 and rapidly following with other branches throughout the Caribbean, Central and South America, Europe and the Far East. With the exception of the First National Bank of Boston, which established itself in Buenos Aires to serve the New England wool and hide industries, and in Havana for the use of Boston sugar interests, the bankers outside New York elected to follow the course of the other New York banks and establish their contacts either by building up correspondent relationships with foreign banks, or by becoming stockholders in corporations especially organized to facilitate foreign trade.

The oldest of these new banking adjuncts to foreign trade had not yet completed its fifth business year and the youngest was scarcely functioning when, later, in 1920, there developed, partially as the result of such intense concentration on the creation of credit facilities, rather than on the proper appraisal of the risks involved, a very severe collapse of commodity prices. I have recently recited in some detail the history of the rise and decline of the financial institutions which were the product of post-war planning during World War I both in the United States and in England.** On March 7, 1925, the late Dr. H. Parker Willis wrote the obituary of our World War I planning. Speaking editorially, in the *New York Journal of Commerce*, he said:

"Great Britain has the machinery and the organization as well as the trained personnel for international financing. She has the branch banking connections and the 'good will' in all parts of the world that

**Foreign Trade—Post-War Plans & Prospects, Burroughs Clearing House, January, 1944.

such trade calls for. There is no reason to doubt that she will do her utmost to remain the 'centre' of the kind of business which her inhabitants must do in order to exist, since they are neither agricultural nor a raw material producing nation. There is no reason why the United States should not share in this international business if desired. We have the capital, the ability, the natural resources to do the work and do it well. But the experiment of the past ten years has shown that we do not wish to do it at this time;—just why is a large and complex question. We have apparently decided to place our emphasis upon domestic trade and finance and upon the exportation of staple goods abroad. In this our financiers are still inclined, it would seem, to use British banking organization and machinery. The situation raises no ground of controversy between the two countries and calls for no discussions as to the relative 'centre' of the world business or of banking. Our bankers and traders have chosen their own field and are occupying it. They profit from the success and not from the misfortunes of others."

As liquidation and absorption brought about their release, officers and staffs sought new connections in interior banks so their experience and training was saved and rendered intimately available to our exporters and importers, while the development of facilities, instead of being concentrated in New York, reached out directly into every trade centre that required it. Under such direction, the foreign departments of our banks, both interior and at seaboard, rendered a good account of themselves through the opening days of the second World War, which for a time sharply augmented both volume and profit. However, as the movement of the war broadened, the political and economic steps which were taken both here and abroad created a variety of novel problems which added greatly to the cost and risk of operations, and curtailed the volume. As a result, the whole foreign banking organization of the United States, created and nurtured for a quarter of a century, is face to face with the prospect of mounting costs, increasing risks and diminishing profits. Has the time come, then, to concede to Hartley Withers and Dr. Willis that the eager enthusiasm and buoyant optimism with which the United States set about the task of establishing itself as a financial centre for world trade, is to be replaced by a period of apprehension and depression in which it will abandon the effort?

What lies abroad for Uncle Sam—World Banker? Is this to be the pause that refreshes? Or, having spent a generation in developing the mechanism of an international money market—the banks, the foreign agencies, the stock and commodity exchanges, the insurance companies, the investment trade, the finance companies, the discount houses, the commercial paper houses, the brokers and

dealers in foreign exchange and in domestic and foreign short-term credit investments,—shall we now permit them to atrophy? Have we reached maturity or old age? When a man who has seen a vision of power afield finds the going hard, takes his losses, withdraws his representatives and resolves henceforth to leave the field to others who know it better than he, we say that he is getting along in years and we mean that as a factor in pioneering enterprise he is finished. Are we resting to recover our second wind, or have we settled down to hear our arteries harden?

The current thinking of the commercial banks does not point in that direction. The American Bankers Association last September, through its Economic Policy Commission, issued a report on "The Place of the United States in the Post-War Economy" which blocks out an important role for our banks in financing foreign trade. The Division of Monetary Research of the United States Treasury has vigorously developed proposals both for the establishment of an International Stabilization Fund and of a United Nations Bank for Reconstruction and Development. These studies rest on the assumption that, post war, the United States will, at long last, come of age and assume that dominant position as the world's money market for which we have been preparing since 1913.

That we now possess the necessary technical equipment and trained personnel is unquestioned. Have we also created that equally essential prerequisite—an atmosphere of confidence—confidence by our personnel in their competence to deal in international finance—confidence by our countrymen in their competence—and confidence by the rest of the world that our personnel will be permitted by our countrymen to operate in an atmosphere of responsibility and not of opportunism?

It is not enough to have the immense prestige of possessing the preponderance of the world gold stock. It will not suffice—though it is an indispensable first step—to free the dollar of all exchange restrictions. To have credit resources, enormous wealth, a favourable balance of payments in goods, services and interest, adequate to the point of excess, together with an earnest desire to undertake international financial operations,—all of these factors combined will not of themselves command the respect of the international trading and financial world. If our tools, our resources, and our skill are to be fully employed in the field of international finance, the United States as a whole must demonstrate a co-operative attitude toward the world problems of post-war international collaboration in the financial and economic field.

And this co-operation must first manifest itself in our internal relationships—in the attitude of our bankers toward each other—of our governmental officials charged with responsibility for formulating our fiscal policies toward the bankers who provide the mechanism—and of the general public toward both.

With regard to the first requisite,—bankers' relationships toward each other—I have often suggested that the history of the Bankers Association for Foreign Trade well illustrates the process by which mutual understanding and respect are obtained. Its formation was prompted by a feeling on the part of officials in charge of foreign departments of banks in the mid-western cities of the United States that their operations were in competition with, and not complementary to, those of the tidewater banks. With the passage of the years, either the feelings of these interior bankers toward their salty brethren of the tide flats have softened, or (which I think is more probably the case) they have discovered that there is more co-operation than competition in our international relationship. In any event, the Bankers Association for Foreign Trade is now national in scope and its membership includes banks both inland and at seaboard on the East, West and Gulf coasts. It enjoys the participation as associate members of representatives of the New York agencies and offices of the British banks and of not only the New York agencies but of the home offices as well of Canadian banks. The program at each yearly convention has been contributed to by at least one of these representatives. The 1942 meeting was held at the Seigniory Club, with such success that it is planned that the Association will meet there again this year.

The membership of the Association comprises a group who are confident of their competence to move wisely into the field of financing that volume of short-term commercial credit, both export and import, to which the commercial banks of the United States look forward when war controls are relaxed and private trade is restored. They assume that their own confidence in themselves is shared by their customers, but they are not yet sure that this confidence is bestowed generally upon them by their fellow countrymen. Surely you will agree with me that they cannot command respect abroad unless they possess the confidence of their fellow citizens at home.

That confidence they have not always possessed. An illustration of its lack is the Neutrality Act, which was enacted, in the language of an Assistant Secretary of State—"so that there might not be created economic interests here which might find direct advantage in causing the United States to become involved in war". While

it has been suspended while we are at war, that Act is still on our statute books. So far as banking operations are concerned, its existence is unimportant. A Congressman is no quicker than a banker to realize that financing the purchase of shot and shell to heave over the buyer's fence into his neighbour's yard, does not constitute a self-securing, self-liquidating commercial transaction of the sort that is grist for his mill. But the continuance of legislation based on the premise that our bankers will sell out the country unless impeded, constitutes no resolution of confidence by our legislators or the citizens they represent, toward our bankers. Its outright repeal would be a demonstration of confidence and constitute a happy augury of an intention to release bankers and business alike from war-time controls as rapidly as the recession of the war will permit.

I have suggested that the second requisite to the creation of an atmosphere which will attract international funds, is co-operation between government officials who influence fiscal policies and bankers who provide the merchandise. London is the seat of the British Government, as well as of the institutions through which it functions as a world monetary centre. Our Government sits in Washington and our mechanism centres in New York. This physical separation is important because it prevents those day-by-day contacts which contribute so largely to recognition by each, of the part to be played by the other. Closer acquaintance between government and business could produce a liaison similar to that which has been created between the seaboard and interior banks in the handling of international transactions. However, it is too much to expect that it would prevent frankly political outbursts, such as the assertion recently made in Washington, that the power of the New York money market must be broken by the development of regional capital markets.

It is easy to produce figures from which the inference might be drawn that the New York money market is monopolistic. For example:—The volume of bank acceptances outstanding increased fifty per cent in a decade—from an average outstanding of a billion in 1920 to an average billion and a half in 1930. But during that period the number of accepting banks shrank about 75%. The number of banks utilizing the acceptance privilege grew rapidly after the power was conferred by the Federal Reserve Act of 1913 reaching a total of about 500 in the years 1918-1921. By 1934 the number of accepting banks had fallen to 112, of which 11 were in the Boston Federal Reserve district, 44 in the New York district, in the Chicago district 6, and in the San Francisco district 17, leaving only 33 for the rest of the country.

Unsupported by background, these figures could be cited as further evidence of the monopolistic character of the New York money market. But analysis indicates that, on the contrary, what has occurred is a wholly free choice by our domestic bankers as to the way it best suits their own interest to serve their customers. I am now quoting from "Facts and Figures relating to the American Money Market" published in 1931 by the American Acceptance Council:—"Many of these banks were in small interior cities. They were without adequate knowledge of the fundamentals of acceptance financing, or properly equipped departments. They were not in close touch with the principal discount markets so that their bills could command the best rates. The natural effect of this was the gradual withdrawal of many institutions as acceptors."

Out of the atmosphere of antagonism toward Wall Street, which is nourished by political Washington, there occasionally emerge refreshing evidences of a recognition of the complementary nature of their tasks. Speaking recently at the Annual Chicago World Trade Conference, Mr. Wayne Chatfield-Taylor, Under Secretary of Commerce, referred to the responsibilities and opportunities for peaceful leadership which will follow a United Nations victory as a job for business and government to work out together. He said, "Full participation in world development requires time, careful preparation and careful selection of full overseas forces of representatives of business and government. There should be no delay in planning these organizations, there should be no delay in defining fields of responsibility and action. There should be no difficulty in establishing complete co-operation between competent business organizations and a competent government organization in all our varied overseas trade operations. The time to start is now."

Equally reassuring is the attitude of the Division of Monetary Research of our Treasury Department in presenting its proposal for a United Nations Bank for Reconstruction and Development. The memorandum issued by the Treasury last November in support of the proposal fully recognizes the part that industry, banks and private financial agencies will play in supplying the short-term financial needs of our post-war foreign trade, and acknowledges the part that private enterprise will play in the resumption of long-term international investments, particularly in the form of establishment of foreign branch plants and the acquisition of shares in established foreign enterprises. In presenting this study by the Division of Monetary Research, as well as the prior proposal for an International Stabilization Fund, the Secretary of the Treasury, by avoiding rigid and premature adherence to any particular formula and inviting dis-

cussion, has followed a course which, were it the pattern of all discussions between government and banks, would go far toward creating that atmosphere in which we can come to full maturity as bankers to the world.

That the bankers of the United States are cognizant of their responsibility toward the solution of those problems of security, of trade and of money, which arise as the war recedes, no one can doubt who has examined the Report of the Economic Policy Commission of the American Bankers Association to which reference has already been made. The Report summarizes seven essential objectives which call for action to release the pent-up forces of private enterprise:

1. RELIEF—temporary aid in the form of food and some minimum of raw materials and tools for ravaged nations to avert starvation and help restart industry; to be supplied through some form of lend-lease.
2. PROMPT PEACE—early determination of as many as possible of the main peace conditions so that governments and private individuals can make plans.
3. COLLECTIVE SECURITY—establishment of some form of organization or guarantee to prevent war, thus lessening the fear of new conflicts, diminishing the incentive toward extreme nationalism, and avoiding the waste of resources in armament competition.
4. MONETARY STABILITY—collaboration between nations to restore currency stability, so that trade and enterprise can count upon the value of the money they use.
5. LOWER TRADE BARRIERS—with all nations to some extent dependent upon foreign trade and many nations largely so, efforts to broaden international commerce are necessarily part of any program for revival of internal economies.
6. REDUCING THE SWINGS OF THE BUSINESS CYCLE—because of the damaging effects of alternating booms and depressions upon all countries, particularly those dependent upon a few primary products, efforts to modify such swings are essential to an enduring post-war recovery.
7. MAKING CREDIT AND CAPITAL AVAILABLE—given a reasonable degree of security, private capital is ready to supply much of the international short-term financing and long-term investment needed. Some use of government credit may be necessary; but international credits should be made for sound purposes, in reasonable amounts and with expectation of repayment.

If its people will respond to the leadership of their financial stewards, and by their acts display their confidence in the competence and integrity of bankers, there would seem to be no question but that the New World will assume its full partnership with the Old in doing the job of post-war financial reconstruction.

VIVRE DANS SON SIÈCLE ET AVEC SON SIÈCLE*

PAR BEAUDRY LEMAN

BEAUCOUP de gens, et il s'en trouve parmi les Canadiens de langue française, sont enclins à vivre dans le passé. Leur formation les prédispose à s'inspirer des enseignements de l'antiquité, du Moyen Age et des autres siècles passés. Cette culture, si excellente qu'elle soit, ne doit cependant pas se substituer à l'observation et à l'étude de l'époque contemporaine. Les grandes passions, les émotions profondes et les sentiments élevés ou mesquins qui agitent l'homme ont inspiré les penseurs, les philosophes et les orateurs de l'antiquité, de l'époque romaine et du grand siècle, et il convient de reconnaître que leur génie n'a pas été surpassé de nos jours. S'il est vrai qu'un député français aurait très bien pu, en 1939, s'inspirer des discours de Démosthène contre Philippe de Macédoine, et les appliquer à Hitler, sans rien changer à la substance de ces diatribes; s'il est vrai que Winston Churchill, réclamant la destruction du militarisme prussien, aurait pu paraphraser Caton le Censeur dont les discours se terminaient invariablement par l'exhortation de détruire Carthage; s'il est vrai que Pierre l'Ermite et saint Bernard pouvaient prêcher la croisade contre l'Islamisme, et s'il est vrai que Bossuet et Racine ont exalté la gloire militaire et l'héroïsme des défenseurs de la patrie, il n'en reste pas moins que nous vivons, non pas dans l'antiquité, ou au Moyen Age, ou au dix-huitième siècle, mais bien au vingtième siècle. Il ne faut pratiquer l'isolement ni dans le temps, ni dans l'espace, ni dans sa mentalité. L'humanité ne remonte pas le cours des âges, aussi ne retournerons-nous jamais en arrière. Les problèmes que notre génération doit envisager ne peuvent être résolus avec des formules qui pouvaient sembler efficaces jadis, mais qui ne le sont plus aujourd'hui, parce que des facteurs nouveaux sont intervenus. Il faut établir de nouvelles équations, et ce n'est pas parce qu'elles sont plus compliquées et plus difficiles qu'on doive renoncer à les résoudre et rebrousser chemin dans l'espoir de trouver des formules toutes faites.

Veut-on retourner à une civilisation purement rurale et agricole, où l'homme de la campagne produit à peu près tout ce qui est nécessaire aux besoins de sa famille? Ou bien doit-on reconnaître

* Causerie de M. Beaudry Leman, Président de la Banque Canadienne Nationale, à la réunion du Kiwanis Club à Granby, Québec, le 3 novembre 1943.

que l'industrialisation a gagné presque toutes les sphères, même l'agriculture, et que le cultivateur est devenu un producteur spécialisé? Nos compatriotes de l'Ouest désignent leur genre d'exploitation sous le nom d'industrie du blé (*wheat growing industry*). Selon qu'on s'engage dans une voie ou dans l'autre, il faut se préparer en conséquence, s'outiller de façon particulière et apprendre le maniement d'instruments différents. Celui qui prétend se passer d'argent et subvenir lui-même à ses besoins est naturellement beaucoup moins tenu de connaître la nature et le mécanisme de l'argent que celui qui doit y avoir recours quotidiennement pour satisfaire ses besoins présents et pour assurer ses vieux jours.

La même alternative se présente dans le domaine social. La charité privée doit-elle seule secourir les malheureux? Les charges que comporte le soin des aliénés, des tuberculeux, des orphelins, des aveugles, des infirmes, des blessés, des malades, incombent-elles aux particuliers dans l'accomplissement de leur devoir de charité chrétienne? Ou bien l'Etat, c'est-à-dire la société, doit-il, au moyen de l'impôt, répartir ces frais considérables sur tous les membres de la communauté? Dans l'un ou l'autre cas, une série de mesures différentes s'impose. Le particulier peut répartir ses aumônes suivant ses préférences et la sympathie que lui inspire telle ou telle classe de malheureux. Si la communauté assume la responsabilité des secours, il faut alors organiser la charité, il faut même en changer le nom, et légiférer sur le fonctionnement des services sociaux d'hygiène, de prévention et d'hospitalisation.

Vivre dans son siècle ne consiste pas à se prévaloir des avantages— appelez-les matériels, si vous voulez— que nous procurent les découvertes, les inventions et les progrès scientifiques de notre époque, tout en traitant avec mépris et dédain la civilisation à laquelle on les doit. N'allez pas croire, messieurs, que j'ai oublié le remarquable article que Ferdinand Brunetière a consacré à "la faille de la science". La science et la technique ne sauraient remplacer ni la religion ni la morale. Il s'agit, non pas de tenter de substituer les unes aux autres, mais de se pénétrer de l'idée que c'est dans un terrain où la technique et les progrès scientifiques se sont développés qu'il faut déposer la semence qui nous est fournie par la religion et par la morale.

Il ne manque pas de gens qui, confortablement installés dans une limousine, vous assurent qu'ils regrettent le bon vieux temps. Serait-ce que le bon vieux temps n'était bon que pour les autres? Les personnes qui, bien assises devant leur téléphone, commandent ce qu'elles désirent chez le boucher, l'épicier, le pharmacien ou le

marchand de nouveautés, sont-elles sincères lorsqu'elles exaltent le passé? Ceux qui, du jour au lendemain, décident d'aller à Québec, à Ottawa ou à New York, et qui ont à leur disposition le train, l'automobile et l'avion qui les y amèneront en quelques heures, envient-ils vraiment le sort de leurs grand-parents qui projetaient six mois à l'avance un voyage de St-Hyacinthe ou de Papineauville à Montréal? Qui songerait à remplacer un système de chauffage à l'eau chaude muni d'un thermostat par un poêle à bois qu'il fallait rallumer à quatre ou cinq heures du matin? Croyez-vous que les Montréalais soient inconsolables de la disparition des "petits chars à chevaux"?

Les gens qui se complaisent dans une admiration sans réserves du passé—du passé qui connaissait sans doute moins d'agitation fébrile que le présent—font penser à ceux qui contemplant un paysage à quinze ou vingt milles de distance. De loin, la plaine ressemble à une superbe pelouse et les montagnes ne semblent présenter que des pentes douces et faciles. Les arbres et la végétation forment, croirait-on, un massif soigneusement taillé. Mais ceux qui ont circulé dans la forêt savent que le tableau est bien différent lorsqu'il est vu de près: les montagnes sont sillonnées de ravins et de précipices, on y rencontre des escarpements et des plateaux raboteux; la forêt renferme, à côté de beaux arbres sains, de la végétation rabougrie, du bois mort, des branches brisées et des troncs pourris. Pour porter un jugement sur le passé, il ne suffit pas de l'entrevoir dans le lointain; il faut examiner l'ensemble des conditions dans lesquelles les générations disparues ont dû vivre. Il faut se rappeler l'esclavage et le servage,—condition courante dans l'antiquité,—la peste, la famine, l'absence de moyens de communication, les conditions sanitaires déplorables et la misère qui ont restreint pendant des siècles l'accroissement normal de la population. Certes, notre époque est encore loin d'avoir atteint la perfection, et il reste beaucoup à faire dans le domaine social et économique, mais il serait déraisonnable de condamner en bloc notre époque. Il nous faut vivre *dans* notre siècle et apporter notre contribution au progrès de la civilisation en vivant *avec* notre siècle.

L'une des grandes erreurs du traité de Versailles—on l'a reconnu depuis—a été de placer des considérations d'ordre politique au-dessus des réalités d'ordre social et économique. Le problème des religions, des races, des nations, des langues, des cultures, des traditions, des coutumes et de l'évolution historique des peuples, est extrêmement compliqué. Il doit être envisagé avec la plus grande circonspection. Il importe de l'aborder avec infiniment de respect, afin de ne pas porter une main purement matérialiste, si l'on peut

dire, sur un édifice spirituel qui incarne bien souvent l'idéal de centaines de générations. Mais cela dit, il faut bien reconnaître qu'hier comme aujourd'hui, il faut vivre. Il faut vivre dans le milieu où la Providence nous a placés et dans les conditions qu'une lente évolution a déterminées.

Les multiples solutions que l'on propose de toutes parts pour synchroniser notre civilisation avec le milieu dans lequel nous vivons indiquent, premièrement, qu'une solution satisfaisante et généralement acceptable n'a pas encore été trouvée et, deuxièmement, qu'il importe de mieux adapter notre organisation sociale aux conditions matérielles de notre époque. L'affluence, le pullulement des idées, dans la recherche de la voie qui nous conduirait vers un meilleur état social, est, semble-t-il, un excellent symptôme. Dieu a créé le monde animé de mouvement, et l'homme bon gré mal gré doit se mouvoir dans le domaine physique comme dans celui des idées. Il ne s'agit évidemment pas ici des prescriptions intangibles de la Loi divine; il s'agit uniquement de l'organisation temporelle d'une société que l'homme, dans l'exercice de sa liberté et dans l'accomplissement de son devoir, a le droit de modifier et d'orienter suivant les circonstances de temps et de milieu.

A côté de la civilisation uniquement rurale ou agricole de l'ancien temps s'est développée une civilisation urbaine et mercantile. Les campagnes ont cherché à établir des marchés, à la fois pour l'écoulement de leurs produits et pour l'achat des marchandises importées ou façonnées dans les ateliers. Les villes sont nées de la nécessité d'échanger des objets fabriqués contre des denrées alimentaires. Les marchés, prenant de l'importance, devinrent des villages, puis des villes, et les marchands et les artisans s'installèrent dans ces centres où ils pouvaient recruter des travailleurs. Observons dès maintenant qu'agriculteurs, marchands et artisans se sont intégrés dans la vie sociale, parce qu'ils possédaient quelque chose en propre. Ils avaient des intérêts matériels, des droits de propriété reconnus et sauvegardés par le régime politique et économique de leur région, de leur province, de leur pays.

Il s'est produit, vers le milieu du dix-neuvième siècle, une véritable révolution économique et sociale dont les conséquences n'ont pas encore fini de se développer: l'avènement du machinisme qui, amenant l'industrialisation de la production et la spécialisation du travail, créa une nouvelle classe sociale, celle des salariés, ou, si vous voulez, des prolétaires. Chose curieuse, les Romains, qui nous ont légué le mot "prolétaire", l'appliquaient aux personnes qui n'étaient pas assujetties à l'impôt. Si ce mot avait le même sens

aujourd'hui, le prolétariat deviendrait sans doute une situation enviable et très recherchée! Notre pays ne compte guère, à l'heure actuelle, de prolétaires, dans le sens romain du terme, mais le prolétariat n'en existe pas moins au Canada. Prolétaire n'est plus de nos jours, économiquement parlant, synonyme de pauvre, de miséreux, d'indigent. On peut être prolétaire tout en gagnant un salaire suffisant pour satisfaire à ses besoins et à ceux de sa famille, comme on peut être indigent sans être prolétaire, si l'on possède des outils ou un atelier, mais qu'on manque de travail. Le mot doit s'appliquer plus particulièrement à cette classe d'ouvriers d'usine qui, travaillant à salaire au jour le jour, n'ont aucun intérêt matériel dans l'entreprise qui leur donne de l'emploi. Ces ouvriers peuvent vivre convenablement et élever une famille sans acquérir d'autres titres de propriété, soit mobiliers, soit immobiliers, que ce qui est requis pour tenir maison. Or notre société, notre civilisation a été édifiée en grande partie autour de l'idée de propriété et d'héritage. Nous nous trouvons donc en présence d'une nombreuse population qui n'a pu s'intégrer dans une société dont les cadres n'avaient pas été tracés pour accueillir et pour faire prendre racine à des millions de gens sans propriété.

N'allez pas croire que le suffrage universel ait apporté une solution satisfaisante au problème de l'intégration dans la société de tous les membres qui devraient en faire partie. Certes, le vote populaire fait participer l'ensemble des citoyens au gouvernement de leur pays et impose à chacun sa part de responsabilité politique, mais il ne faut pas confondre la structure politique et la société, qui sont deux choses fort différentes. Le gouvernement et le parlement n'existent que pour assurer, dans l'ordre et la légalité, les conditions sociales qu'un peuple veut se donner. La société a la primauté sur le gouvernement, que celui-ci soit parlementaire, monarchiste ou dictatorial. L'homme donne naissance à la société qui, elle, choisit la forme de gouvernement qui paraît le mieux répondre aux aspirations, aux convictions et aux objets que l'homme veut atteindre. Tout renversement des rôles et des fonctions n'a jamais qu'un caractère éphémère et amène inévitablement de graves perturbations. Qu'en conclure, sinon que l'homme doit d'abord chercher son propre perfectionnement, qu'il doit ensuite veiller à ce que la société dont il fait partie réponde à ses concepts d'équité, de justice et de charité, et qu'il doit, enfin, assumer sa part de responsabilité dans le fonctionnement de l'Etat en conformité de ses aspirations légitimes? On a trop souvent tenté de renverser cette échelle de devoirs pour aboutir au désordre et à l'iniquité. Les lois et la police ne réformeront ni l'homme ni la société. Ni l'enrégimentation ni l'économie dirigée

n'édifieront une société meilleure et ne formeront des hommes plus conscients de leur devoir. Toute mesure qui, d'une part, restreint indûment la liberté humaine et qui, d'autre part, diminue la responsabilité de l'individu à l'égard de la société, est vouée, tôt ou tard, à l'insuccès, quand elle ne conduit pas directement au désastre. Toutes les bureaucraties du monde et toutes leurs règlementations ne prévaudront pas contre ce qui tient à la nature même de l'homme. Nous devons cependant accueillir avec sympathie les tentatives de tous ceux qui, de bonne foi et avec désintéressement, cherchent à déterminer la place, le rôle, les droits et l'avenir d'une classe de nos semblables qui ne doit pas être laissée en marge de la société. Ai-je besoin de vous rappeler que ces questions primordiales ont été l'objet de l'attention paternelle des Papes qui, dans leurs encycliques, ont donné les directives dont doivent s'inspirer non seulement les catholiques et les chrétiens, mais tous ceux qui s'adonnent à l'étude des questions sociales?

Des hommes d'Etat, des philosophes, des sociologues, des économistes ont avancé des théories, tracé des plans, exposé des projets, et que sais-je encore, en vue de résoudre ce problème complexe et délicat. Vous trouverez dans leurs propositions toute la gamme des couleurs et des nuances, depuis le rouge vif du communisme intégral jusqu'au violet discret du syndicalisme chrétien, respectueux de l'autorité religieuse. Il s'agit de découvrir la solution qui permettra d'intégrer dans la société, dans les meilleures conditions possibles d'ordre, de justice et de stabilité, la classe des travailleurs industriels, qu'on leur donne le nom de prolétaires, d'ouvriers, de salariés, d'employés, ou tout autre nom.

La guerre dans laquelle notre pays est engagé aura permis au Canada, de même qu'à l'Angleterre et aux Etats-Unis, de faire des expériences pratiques dans divers domaines, notamment en matière de socialisme d'Etat et d'économie dirigée. Il serait puéril de vouloir fermer les yeux sur ce qui se passe autour de nous et chez nos voisins. On sait, par exemple, que le Gouvernement des Etats-Unis a engagé quelque vingt-cinq milliards de dollars dans des entreprises industrielles qui concurrencent l'industrie privée. Ces énormes mises de fonds effectuées par l'Etat, même si l'on estime que les exigences de la guerre les justifient, n'en constituent pas moins du socialisme d'Etat, et il n'est pas sans intérêt de se demander ce qu'il adviendra des capitaux placés, soit par l'Etat, soit par des particuliers, dans des industries concurrentes. Le socialisme est une forme d'économie dirigée ou, si vous préférez, l'économie dirigée est une forme de socialisme. Mais ne nous égarons pas dans le dédale des définitions et des distinctions; reconnaissons plutôt que depuis plusieurs années

nous vivons, au Canada, sous le régime de l'économie dirigée. Le travail, le capital, les marchés, la concurrence, les prix, le crédit, l'initiative individuelle et l'esprit d'entreprise, sont assujettis au contrôle de l'Etat. La guerre totale, c'est la mainmise de l'Etat sur l'économie d'un pays. C'est la mobilisation de toutes les forces vives de la nation et leur subordination à des fins déterminées par ceux qui dirigent l'Etat. Que cela ait été toléré, accepté ou même approuvé, en temps de guerre, par la majorité des citoyens du Canada, de l'Angleterre ou des Etats-Unis, c'est tout à fait compréhensible.

Mais l'économie dirigée considérée comme un système économique et politique permanent; mais l'économie dirigée mise au rang de mesure d'ordre social et de base même d'une civilisation; mais l'économie dirigée installée au lieu et place de la libre initiative: cela ne saurait être admis qu'après le plus sérieux examen. La vie religieuse et la carrière des armes exigent toutes deux la soumission entière et indiscutée, mais il s'agit là d'un choix, il s'agit d'une adhésion librement donnée. L'enrégimentation de tous les citoyens d'un pays, en période normale et de façon permanente, est une tout autre question. D'ailleurs, l'enrégimentation, pour être efficace, doit s'étendre à beaucoup d'autres domaines qu'à celui de l'économique.

Il est facile de parler d'économie dirigée. Mais par qui sera-t-elle dirigée? Vous savez aussi bien que moi que les matières touchant le commerce, les échanges, le crédit, la monnaie, la banque, les transports par terre, par mer et dans les airs, les tarifs douaniers, les traités de-commerce, les affaires internationales, et combien d'autres questions, sont du *domaine fédéral*. En fait, l'économie dirigée mettrait entre les mains du Gouvernement central toute la vie économique du Canada et, à brève échéance, toute sa vie sociale. Les répercussions d'un changement aussi radical se feraient sentir dans bien d'autres sphères que celle des affaires, et l'autonomie des provinces deviendrait bientôt illusoire, et finirait par disparaître.

N'allez pas croire, toutefois, que tout soit condamnable dans l'économie dirigée. Au point de vue strictement matériel, un tel système présente de grands avantages; il distribue la main-d'oeuvre au mieux des besoins du pays; il tempère les excès de la concurrence; il stabilise les prix; il répartit les biens de consommation; il rationalise les bénéfices et confisque les profits excessifs; il oriente les exportations et canalise les importations conformément à l'intérêt général du pays; il restreint la spéculation sur le change et sur les valeurs mobilières; bref, s'il est mis en oeuvre par des hommes compétents, il fait toutes sortes de choses utiles. Il ne nous enlève, en

revanche, que deux petites choses: la liberté et notre caractère propre. La Russie, l'Allemagne et l'Italie sont en régime d'économie dirigée; le Canada, l'Angleterre et les Etats-Unis le sont, nous dit-on, pour la durée de la guerre; est-ce bien là le régime que nous voulons instaurer à demeure? Il appartiendra au corps électoral canadien de prendre une décision à ce sujet, de faire un choix. Mais faire un choix suppose qu'on a pesé le pour et le contre des divers éléments qui entrent en ligne de compte et qui souvent s'excluent. Croyez-vous que la province d'Ontario accepterait d'abandonner son autonomie et de se soumettre à un régime d'économie dirigée, à moins d'être assurée de pouvoir, directement ou indirectement, diriger elle-même l'économie?

La centralisation politique, conséquence inéluctable de l'économie dirigée, présenterait elle aussi de grands avantages administratifs: l'uniformité des lois dans l'ensemble du pays, la similitude des conditions de travail, la simplification et l'égle répartition des impôts, et que sais-je encore? Mais est-ce bien là ce que nous voulons? A côté de ces avantages matériels qui se mesurent en argent ou en rendement, n'existe-t-il pas des valeurs spirituelles? Il faut songer qu'il ne s'agit pas seulement de l'héritage culturel des Canadiens français, mais aussi de celui de nos compatriotes de langue anglaise. Ils ont eux aussi des traditions, des coutumes et une mentalité qu'ils désirent conserver. L'économie dirigée et la centralisation politique constituent un nivellement, une uniformisation, une standardisation qui font penser à la différence que présentent une mosaïque et une dalle de béton. Toutes deux se composent d'éléments divers; mais ces éléments, qui restent distincts dans la mosaïque, se fondent en un seul dans le béton. Evidemment, le béton coûte moins cher, mais qui ne préfère la mosaïque? Gardons-nous des solutions trop rigides. Si nous voulons conserver une certaine liberté de mouvement, ne nous laissons pas ligoter dans une camisole de force, quel qu'en soit le type.

Avant la guerre, plusieurs économistes et sociologues, membres de l'Académie des Sciences Morales et Politiques, se réunissaient à Paris pour étudier les questions touchant l'intervention de l'Etat dans le domaine économique, et notamment l'économie dirigée. Les études de ces hommes distingués sont fort intéressantes. Permettez-moi de vous citer la conclusion du mémoire présenté par l'un d'eux, le professeur Fortunat Strowski:

“Jamais les richesses n'ont été plus abondantes qu'à l'heure présente. La technique met à notre disposition le moyen de les augmenter encore. Tout se passe comme s'il y avait trop de choses. . .

“Un tel état de choses apparaît nécessairement comme un défi au

bon sens; l'offre ne rencontre plus la demande; des besoins restent insatisfaits cependant que les stocks encombrant les marchés.

“Le mécanisme des prix, dans lequel nous avons vu l'utile et nécessaire agent de liaison entre l'offre et la demande, le régulateur quasi mathématique de la production, ne serait plus maintenant qu'un instrument insuffisant.

“On proposerait d'aller hardiment de l'avant. On nous presse d'étendre à la société économique tout entière les méthodes d'organisation des grandes entreprises et, en conséquence, de doter, les uns disent l'Etat, les autres disent les corporations organisées, d'immenses services de statistique et de renseignements, d'énormes bureaux de méthode dont la mission serait, grâce à une prévision à terme assez long, d'adapter constamment la production aux besoins, puisqu'aussi bien la crise actuelle nous obligerait à constater la carence d'un automatisme qui, jusqu'au début du siècle, avait, à peu près, suffi à régler le jeu du monde.

“Et, cependant, pour notre part, nous ne pouvons pas nous empêcher d'hésiter devant de telles propositions. Elles ne tiennent pas compte de la condition humaine. Nous ne croyons pas qu'une emprise aussi complète que celle qui nous est proposée, soit possible. Il y a trop d'ambition dans les propositions des faiseurs de plan: ces propositions peuvent refléter nos élans, mais elles sont marquées du péché d'orgueil; elles contredisent notre condition d'homme et notre pauvreté.

“Plan de cinq ans ou plan d'éternité, qui peut garantir l'avenir? Celui qui veut rebâtir la société, la cité et l'usine comme si demain devait forcément ressembler à aujourd'hui est un insensé. Il y a quarante ans, on développait les chemins de fer avec la conviction absolue qu'ils devaient toujours être les seuls moyens de transports rapides et les seules usines de vitesse; cette conviction a présidé au plan qui les a organisés alors et qui continue aujourd'hui à les régler. Or, cette organisation est devenue une source de ruine, parce que, chose imprévue, l'automobile est apparue, encore plus pratique que le train.

“Il y a trente ans, on se moquait des inventeurs qui prétendaient créer une machine volante; aujourd'hui, la machine volante, devenue menace de guerre, bouleverse coûteusement, dans le monde entier, les organisations de défense militaire, et pèse même sur la vie civile. . . . Qui pouvait le prévoir?

“Abandonnons les plans absolus. Restons surtout dans la condition humaine.”

CANADA, FOOD, AND THE UNITED NATIONS

BY C. F. WILSON

IN THE early stages of the war the United States Secretary of Agriculture, Honourable Claude R. Wickard, in his campaign for increased food production, coined the slogan "Food will win the war and write the peace." Granted the formidable combination of men and arms it is taking to win the war, the importance of an amply supporting food supply need not be questioned. Granting also the shortage of foods for the occupied peoples within the borders of Festung Europe, there is no need to seek further where food can begin to influence the peace. Unquestionably the war production of foodstuffs (particularly within the North American continent) and its availability to our Allies is making a significant contribution to the winning of the war, and it need hardly be mentioned that Canadian exports of foodstuffs have contributed in no small way to this effort.

Tribute is due to the Canadian farmers who have accomplished the production. The same tribute is due to the ancillary enterprises, the handlers, packers, millers and shippers, the bankers and railroaders who have processed and moved the food supplies. The Canadian capacity to supply foodstuffs, as exemplified in this organization of workers, has contributed to the recognition abroad of Canada's value in the war effort. The same capacity for supply will undoubtedly assure to Canada a position of respect and importance among nations in the peace.

Developments within the past year have offered a preview of the way in which a continuing and expanding supply of foodstuffs will influence the peace, and it is the writer's intention to outline the steps which have already been taken in this direction. Within this outline will be found recurring evidence of the way in which Canada is being brought into practical working relations with the other members of the United Nations through the medium of food.

The United Nations were formally brought into being by the Declaration of January 1, 1942, in which twenty-six nations¹ subscribed to the purposes and principles of the Atlantic Charter and

¹The signatory governments were Australia, Belgium, Canada, China, Costa Rica, Cuba, Czechoslovakia, Dominican Republic, El Salvador, Greece, Guatemala, Haiti, Honduras, India, Luxemburg, the Netherlands, New Zealand, Nicaragua, Norway, Panama, Poland, South Africa, the U.S.S.R., the United Kingdom, the United States and Yugoslavia. Mexico and the Philippines joined later, raising the total to 28.

"being convinced that complete victory over their enemies is essential to defend life, liberty, independence and religious freedom, and to preserve human rights and justice in their own lands as well as in other lands, and that they are now engaged in a common struggle against savage and brutal forces seeking to subjugate the world declare:

"(1) Each government pledges itself to employ the full resources, military and economic, against those members of the Tripartite Pact and its adherents with which such government is at war.

"(2) Each government pledges itself to co-operate with the governments signatory hereto and not to make a separate armistice or peace with the enemies."

Reference has frequently been made to the fact that, apart from the actual prosecution of the war, the first organized co-operation among the United Nations under paragraph 2 of the Declaration just cited was the convening of the United Nations Conference on Food and Agriculture which met at Hot Springs, Virginia, in May 1943. Forty-four United and Associated Nations² participated in the conference which was directed toward collective action on the food front after relief requirements have been met in the post-war.

The point of departure in the Conference's approach to the problem was taken from the Four Freedoms set out by President Roosevelt in his address to Congress on January 6, 1941. This is evident from the broad, but none the less significant, language of the Declaration of the Conference, a part of which follows:

"Thereafter (the war) we must equally concert our efforts to win and maintain freedom from fear and freedom from want. The one cannot be achieved without the other.

"There has never been enough food for the health of all people. This is justified neither by ignorance nor by the harshness of nature. Production of food must be greatly expanded; we now have knowledge of the means by which this can be done. It requires imagination and firm will on the part of each government and people to make use of that knowledge.

"The first cause of hunger and malnutrition is poverty. It is useless to produce more food unless men and nations provide markets to absorb it. There must be an expansion of the whole world econ-

²In addition to the twenty-eight United Nations, governments of Bolivia, Brazil, Chile, Colombia, Ecuador, Egypt, Ethiopia, the French Representatives, Iceland, Iran, Iraq, Liberia, Paraguay, Peru, Uruguay and Venezuela also participated.

omy to provide the purchasing power sufficient to maintain an adequate diet for all."

The Conference recommended that an Interim Commission undertake to formulate a specific plan for a permanent organization in the field of food and agriculture and a formal declaration in which governments would recognize their obligation:

- "1. To raise the levels of nutrition and standards of living of its own people;
- "2. To improve the efficiency of agricultural production and distribution;
- "3. To co-operate so far as may be possible with other nations for the achievement of these ends;
- "4. To undertake to submit periodically to the other participants, through the permanent organization, reports on the action taken and the progress achieved toward these ends."

The Interim Commission has proceeded with its planning for a permanent organization and it is quite possible at least that, upon acceptance of its constitution by the several governments, the permanent organization will commence its activities this year. In the meantime, it is of more than passing interest that a Canadian, Mr. L. B. Pearson, Minister-Counsellor of the Canadian Embassy in Washington, has served as chairman of the Interim Commission.

In a sense, the permanent organization is intended to undertake on a much more useful basis the functions of the International Institute of Agriculture in Rome, particularly those in the field of international agricultural statistics, scientific research in agriculture, and reviews of agricultural legislation. Certainly, the new organization will place much more emphasis on the achievement of adequate nutrition than has been done in the past. It is also anticipated that the new organization will be used more effectively in securing positive and collective action among governments not only toward the setting of nutritional standards, but toward improving the efficiency of agricultural production and distribution. Again in broad terms, the Conference recognized that "freedom from want is difficult to achieve without considered action among all like-minded nations to expand and improve production, to increase employment, to raise levels of consumption, and to establish greater freedom in international commerce." In summary, the United Nations Conference on Food and Agriculture has recognized the need for an expanded food consumption after the war. The task of the permanent organization will be to look to, and work toward, an expanded food production and distribution to meet acknowledged world consumption needs.

The second overt action by the United Nations was also largely concerned with food. This action was initiated by the signing of an Agreement establishing the United Nations Relief and Rehabilitation Administration, commonly known as UNRRA, on November 9, 1943. The same forty-four United and Associated Nations were signatories to the Agreement. UNRRA was set up for the express purpose of providing food and other relief to the occupied countries upon their liberation. To quote the preamble of the Agreement, the United and Associated Nations have declared their determination "that immediately upon the liberation of any area by the Armed Forces of the United Nations, or as a consequence of retreat of the enemy, the population thereof shall receive aid and relief from their sufferings, food, clothing and shelter, aid in the prevention of pestilence and in the recovery of the health of the people and that preparation and arrangements shall be made for the return of prisoners and exiles to their homes and for assistance in the resumption of urgently needed agricultural and industrial production and restoration of essential services."

The Agreement as signed on November 9, 1943, provided for the establishment of a governing Council on which each of the forty-four governments would have one representative. A Central Committee of the Council consisting of representatives of China, the U.S.S.R., the United Kingdom and the United States was also established to function between sessions of the Council whenever it might be necessary to make policy decisions of an emergency nature. The policy work of the Council was also delegated to three other committees: the Committee on Supplies, the Committee of the Council for Europe and the Committee of the Council for the Far East. The latter two committees are concerned with operations in the relief areas and are comprised of representatives of the member governments within the areas. The Committee on Supplies includes representatives of governments likely to be principal suppliers of materials for relief and rehabilitation. It was natural therefore that a Canadian should be appointed Chairman of this latter Committee, and Mr. L. B. Pearson has also been serving in this capacity.

Under the broad policies of the Council and its respective Committees, a Director General, Honourable Herbert H. Lehman, former Governor of the State of New York, undertakes responsibility for the actual administration and staff of UNRRA. The Director General's responsibilities include the carrying out of the actual relief operations within the limits of available resources. For example, the United States Congress has voted \$1,350,000,000 to UNRRA, and

it is expected that Canada's contribution will be \$90,000,000. Contributions of the various governments have been assessed on the basis of their national income. Initial relief operations are to be planned in conjunction with the military authorities. Following the liberation of the various areas, it is expected that for a short period of time relief distribution will have to take place under military control. As soon as the period of military emergency is passed, the UNRRA staff in the area will assume this responsibility.

The Director General has as his immediate assistants a small group of Deputy Directors responsible for the several branches of the organization's activities. Recently appointed as Deputy Director General in charge of Finance and Administration, Mr. H. P. Van Gelder, a Canadian banker of considerable international experience, is assuming a key role in UNRRA's administration. Miss Mary McGeachy, also a Canadian, has been appointed to the post of Director of Welfare in UNRRA. Generally in the selection of the staff, the international character of the organization is recognized, together with the need for special competence in each position.

Reverting to the problem of supply, it is the intention to refer all requests for relief allocations of foodstuffs to the Combined Food Board, whose activities will presently be mentioned. This is for the purpose of securing proper allocations of available supplies within the control of the United Nations among the several claimants, including civilian populations, the armed forces and the relief areas. The actual procurement of relief supplies within the supplying countries will be effected through the liaison of UNRRA officials with the appropriate national procurement agencies.

Canadian relief activities have not wholly awaited liberation. In the case of Greece under occupation, where the enemy control of foodstuffs had already led to mass starvation, the Allied Governments have co-operated with the Swedish Red Cross in supplying food to Greece under Red Cross distribution. From August 1942 to date, some 10,000,000 bushels of Canadian wheat have been landed in Greece in Swedish ships, and this contribution of the Canadian people has been acknowledged to have sustained an otherwise starving population.

While the first two examples of collective action on the part of the United Nations have already afforded Canada a prominent position among the member nations, deriving primarily from Canada's capacity for food supply, Canada has also been co-operating with other governments in the allocation of foodstuffs for war purposes through the medium of the Combined Food Board. As an

outgrowth of the United States Lend-Lease operations, and the furnishing by that country of a wide list of foodstuffs to the United Kingdom, the governments of the United Kingdom and the United States initially established in 1942 the Combined Food Board, which assumed a role in the allocation of foods in much the same manner as other combined boards, such as the Combined Production and Resources Board, the Combined Raw Materials Board and the Combined Shipping Adjustment Board, undertake allocations in their respective spheres.

It soon became apparent that Canada, second only to the United States in the total quantity of food it is making available to the Allied countries, should also be given membership on the Combined Food Board. This was effected in 1943, and membership of the Board is now comprised of Honourable R. H. Brand for the United Kingdom; Mr. Marvin Jones, War Food Administrator, for the the United States; and Honourable J. G. Gardiner, Minister of Agriculture, for Canada. As alternates for the Canadian and American members of the Board, Dr. G. S. H. Barton, Deputy Minister of Agriculture, and Mr. Lee Marshall, Deputy War Food Administrator, serve on the Board.

The Combined Food Board functions through a number of commodity committees in which the appropriate representatives of the three governments participate. Following is a list of the Commodity Committees and the Canadian representatives on each Committee:

Advisory Committee on Dehydration.....	M. B. Davis
Agricultural and Food Machinery.....	J. S. Duncan (Chairman) H. H. Bloom (Member)
Beans and Peas.....	Dr. G. E. Britnell
Cereals and Feeds.....	George McIvor (Chairman)
Coffee, Cocoa and Spices.....	F. J. Kemlo
Dairy Products.....	J. F. Singleton
Fats and Oils.....	Mrs. P. G. Turner
Fertilizer.....	G. S. Peart
Fish.....	Dr. D. B. Finn
Fruits and Vegetables.....	R. L. Wheeler
Meat and Meat Products.....	L. W. Pearsall
Poultry Products.....	W. A. Brown
Rice.....	J. J. Page
Seeds.....	N. Young
Sugar and Syrup.....	H. J. Hobbins
Tobacco.....	N. A. MacRae
Vitamins.....	Dr. L. B. Pett

On two of the committees Canadians serve as chairmen: Mr. J. S. Duncan, of Massey-Harris and Canadian member on the Combined Production and Resources Board, serves as chairman of the Committee on Agricultural and Food Machinery; Mr. George McIvor, Chief Commissioner of the Canadian Wheat Board, serves as chairman of the Committee on Cereals and Feeds.

All of the above-named committees, and the Combined Food Board itself, are concerned with planning an expeditious utilization of the food supplies available to the United Nations in the interest of the prosecution of the war.

Within the foregoing outline, there is ample evidence of the means by which Canada is being assigned a prominent role among the United Nations through the instrumentality of food supply. It is significant in the first place that Canada is actively engaged, through the activities of the Combined Food Board, in distributing food supplies toward the successful prosecution of the war. Secondly, Canada is in a position to take an active part in supplying food for relief through UNRRA. Through the relief and rehabilitation of war-stricken peoples, the means may be found of fostering friendly co-operation among these peoples in the efforts of the United Nations toward security and lasting peace. Finally, through the permanent organization which is expected to follow upon the efforts of the United Nations Conference on Food and Agriculture, Canada is looking forward to the building of an expanding world economy, in which increased food production will be required to meet adequately world food consumption needs.



1694-1944 *THE Bank of England this year celebrates its two hundred and fiftieth birthday; THE CANADIAN BANKER coincidentally is entering its second half century of publication. It is appropriate to take note of both anniversaries by recalling something of the past.*

The following article is written around a sketch by Charles Dickens appearing July 1850 in the first volume of HOUSEHOLD WORDS, a weekly magazine of which he was the editor. In 1893 it was reprinted in the first volume of this periodical, originally known as THE JOURNAL OF THE CANADIAN BANKERS' ASSOCIATION.

"The Old Lady of Threadneedle Street" can greet the approach of the great occasion firm in the knowledge that she enjoys the respect, confidence and affection of governments and bankers throughout the Empire.

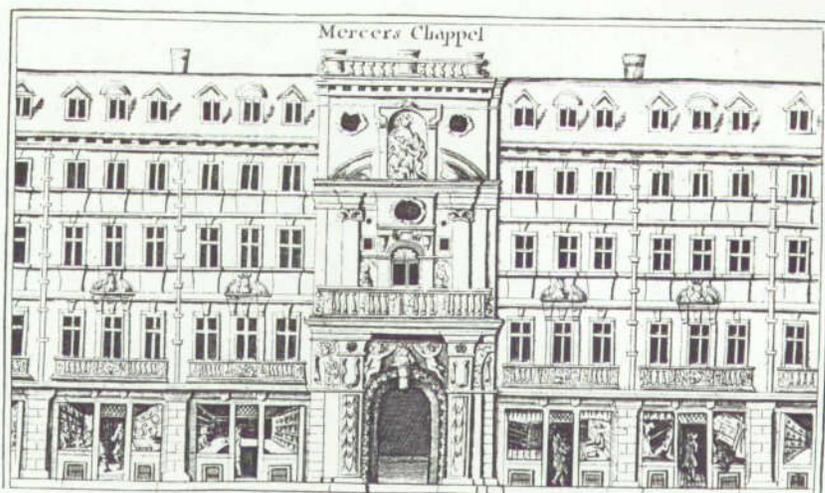
Charles Dickens
AND
The Old Lady
of Threadneedle Street

BY ERIC J. PULTON

THE one constant fact about banking, in times like the present, is its inconstancy. In wartime one can no longer depend on a stable scheme of things, and the banker, to whom law and order are as meat and drink, is the first to deplore the fact that now-a-days law and order are ever flexible, and that the laws that fix prices, wages, and almost everything else, do not at the same sweep of the pen fix the law itself.

On April 25 this year, however, a well known and ever constant Old Lady, of Threadneedle Street, London, will be two hundred and fifty years old. While mellowing with the passing years she has become more and more firmly established as the matriarch of the financial world; she is today, after two and a half centuries, the same Old Lady, although she has had a new dress and a new home and they have done something to her face, just to make her look a little more modern.

She was born in 1694, this venerable Old Lady. The man responsible for her, a solid Scot named Paterson, persuaded William of Orange, whose privy purse, after his reverses in the continental wars, was almost as low as his morale, that it would be a good idea to organize a bank with the object of lending money to the government. The first act of the Old Lady was to lend £1,200,000 to the government at 8%. She made a good customer and she has been a good friend to her biggest customer ever since. She has had her ups and downs; she has had trouble with her lease



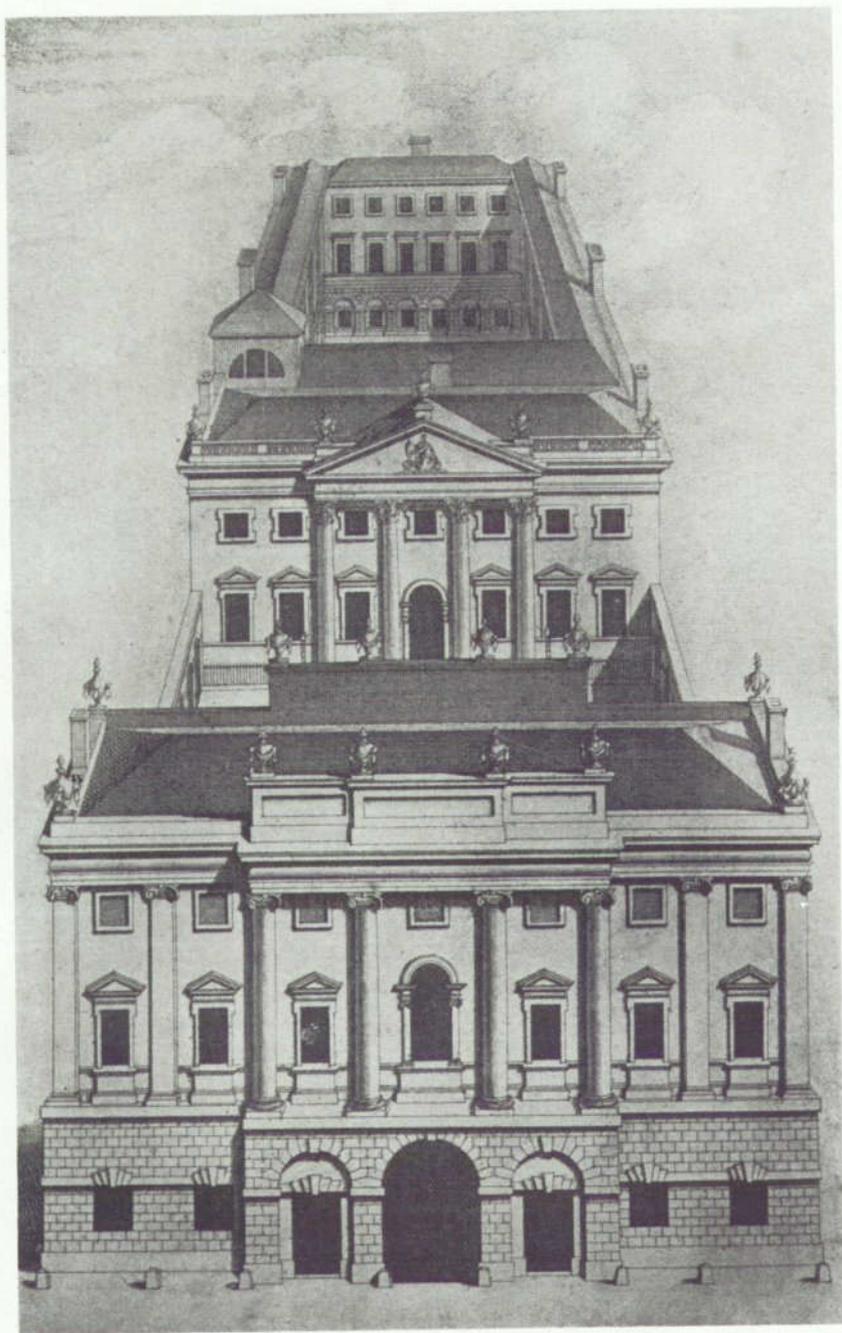
The Old Lady's first residence—Mercers' Hall, 1694

and quarrelled with the landlord and moved from one place to another, but today she sits proudly on Threadneedle Street, where she has lived since 1732 when she moved from Grocers' Hall Court, the envy and pride of her descendants now scattered all over the Empire. Her eye is clear and her temper can still be sharp, but she has weathered the years and today, in a kaleidoscopic financial world, hers is the step that is firmest and hers the voice that rings the truest.

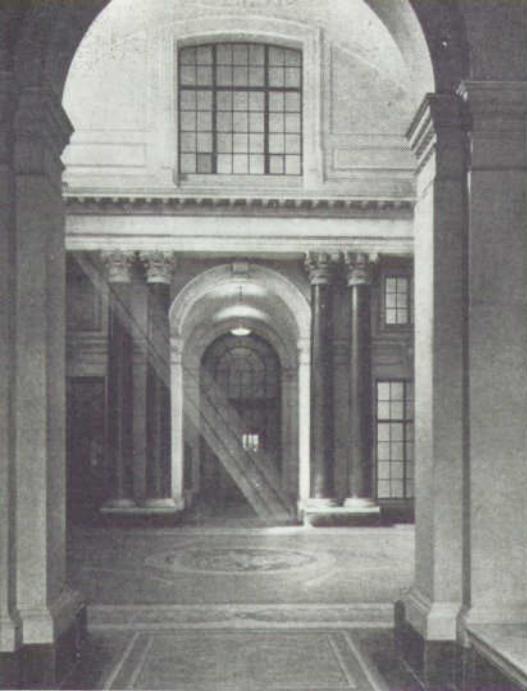
* * *

In 1850 a prolific young writer named Charles Dickens, who was then in his thirties, paid a respectful call on the Old Lady at her home in Threadneedle Street. He had just finished *David Copperfield* and had not quite begun *Bleak House*; he was, in fact, very busy with a magazine, *Household Words*, of which he himself was editor and principal contributor. In the first volume of *Household Words* Dickens draws a fascinating picture of the object of his visit.

"It was not without an emotion of awe," says Mr. Dickens, "that we passed her porter's lodge. The porter himself, blazoned in royal scarlet and massively embellished in gold lace, is an adumbration of her dignity and wealth. His cocked hat advertises her stable antiquity as plainly as if she had written up, in imitation of her lesser neighbours, 'Established in 1694'. This foreshadowing became reality when we passed through the Hall, the tellers' hall. A sensa-



First sections of Threadneedle Street—erected 1734



Court Room

Main Lobby

tion of unbounded riches permeated every sense, except, alas! that of touch. The music of golden thousands clattered in the ear as they jingled on the counters, until its last echoes were strangled in the puckers of tightened money-bags, or died under the clasps of purses. Wherever the eye turned, it rested on money; money in all colours. There was yellow money, white money, brown money, gold money, silver money, copper money, paper money, pen and ink money. Money was wheeled about in trucks; money was carried about in bags; money was scavenged about with shovels. Thousands of sovereigns were jerked hither and thither from hand to hand; grave games of pitch and toss were played with staid solemnity; piles of bank notes, competent to buy whole German dukedoms and Italian principalities, hustled to and fro with as much indifference as if they were (as they had been) old rags."

This is as pretty a tale as has ever been told of a banker's counting house; in ninety-four years all that has changed is the porter's clothes. No longer is the Old Lady's porter blazoned in scarlet, gold lace and cocked hat. Now-a-days she has given him a conventional silk topper and a plain black suit, and he fetches and carries for her with a quiet impressive dignity which better suits his mistress's advancing years.

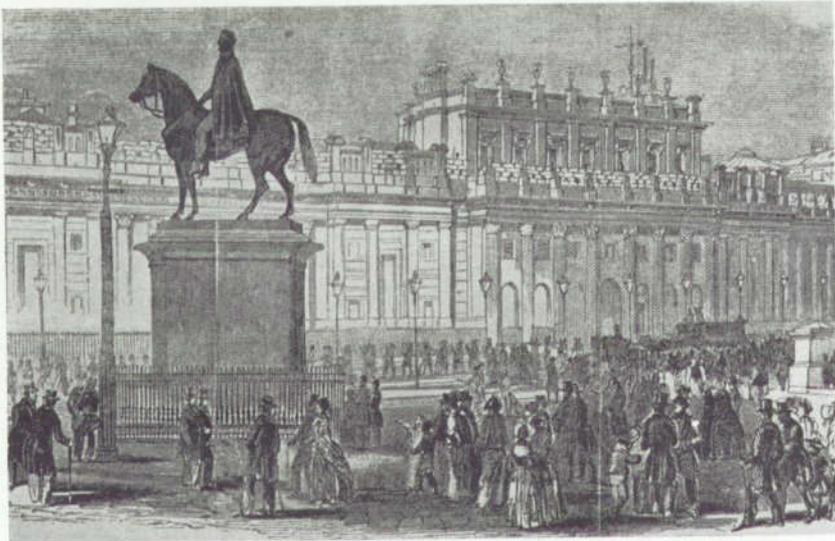
Let us pick up *Household Words* again. . .

"The ordinary associations," continues Dickens, "called up by

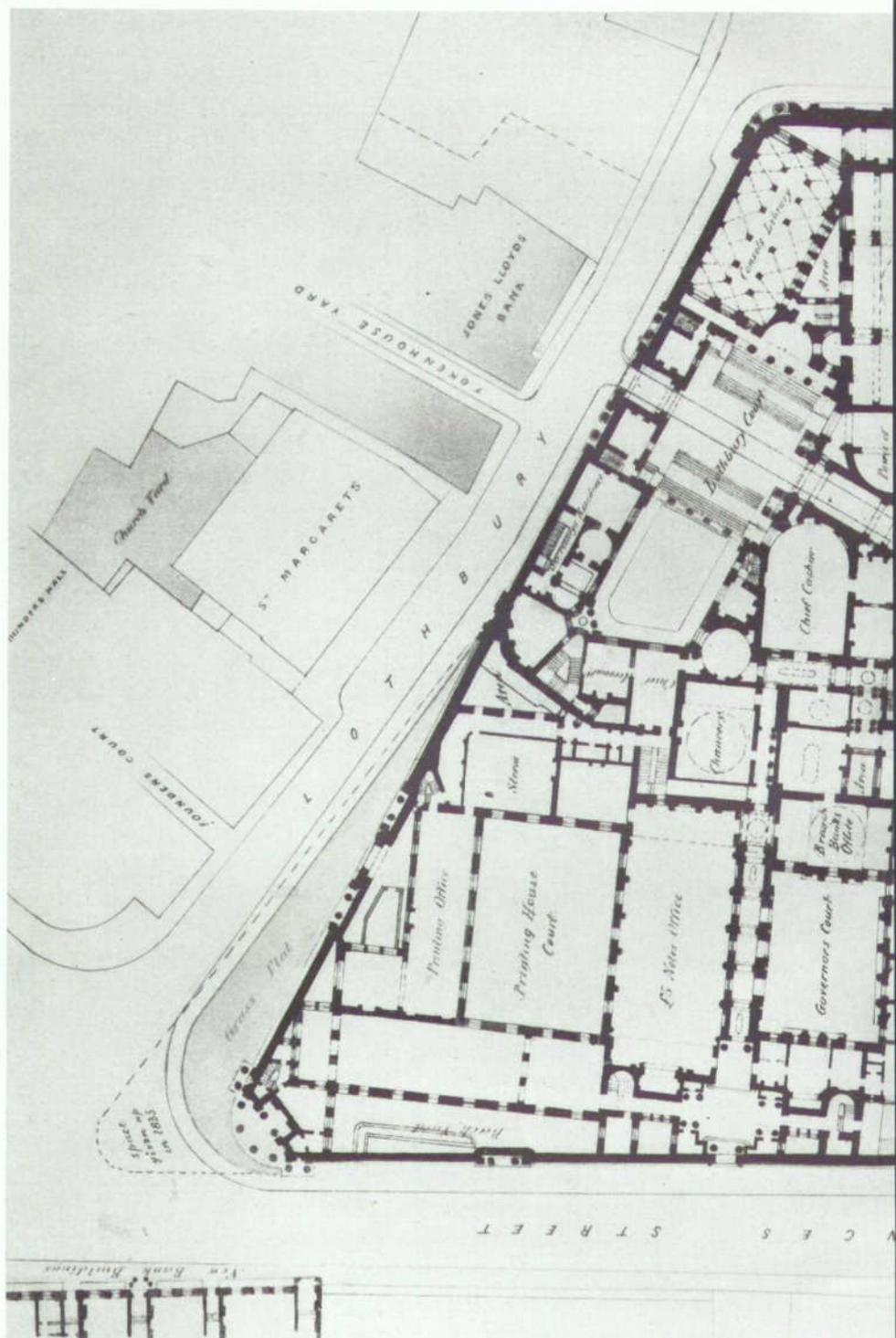
the notion of an old lady's comfortable parlour were not fulfilled by this visit. There is no domestic smugness, no easy chair, no cat, no parrot, no japanned bellows, no portrait of the Princess Charlotte and Prince Leopold in the Royal Box at Drury Lane theatre, no kettle-holder, no worsted rug for the urn, no brass foot-man for the buttered toast, in the parlour in Threadneedle Street. On the contrary, the room is extensive, supported by pillars; it is of grand and true proportion and embellished in the best taste. It has a long table for the confidential managers of the Old Lady's affairs (she calls these gentlemen her Directors) to sit at; and usually a side-table fittingly supplied with a ready-made lunch."

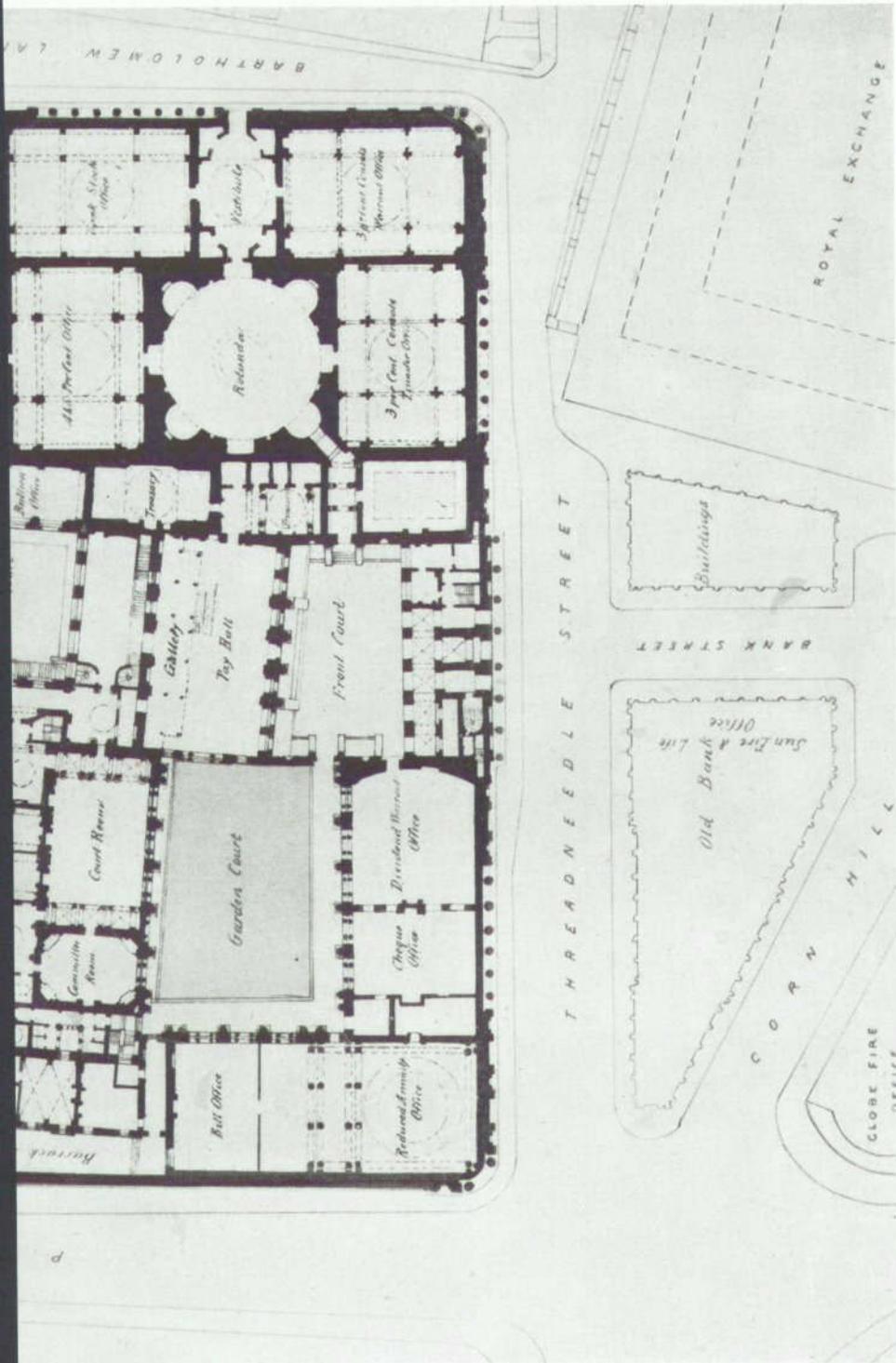
Here again, if you and I were to visit the Old Lady's home, we would see but little change in the externals. It is possible that the ready-made lunch is missing and may be presumed dead, although one cannot tell what war casualties the Old Lady will resurrect after the war. She is always at home in her parlour to callers, as she has been for so long, most of her visitors being important people who come to talk to her about the war. She is a dominant figure; she has seen many wars and crises in her day and, although she can be dogmatic and sometimes arbitrary, she is never at a loss for the last word.

But in spite of the vast events of the last few years, the Old Lady is still very much in business. Her most important task, on which



Threadneedle Street as Dickens knew it (showing roof defences against Chartist riots—1848)





she has been engaged since she was born, is of course the management of the country's national debt, which at present adds up to the equivalent of eighty-six billion dollars. Her only competitor in this undertaking was the South Sea Company, floated in 1720 to trade in the southern seas, and which for a brief period wanted to take over the national debt. The South Sea Company came to a disastrous end, however, and the Old Lady emerged, a little dishevelled from the encounter, but triumphant and imperious.

* * *

Amongst her many activities, for she is a busy old body, the Old Lady is an extensive printer, engraver, bookbinder and publisher. Dickens has a word to say about this, too. "She maintains a steam-engine," he says, in almost a tone of awe, "to drive letter-press and copperplate printing machines, besides other machinery which is employed in various operations from making thousand-pound notes to weighing single sovereigns. It is not until you see three steam printing machines and hear that they are constantly revolving, to produce at so many thousand sheets per hour the printed forms necessary for the accurate account-keeping of this great central establishment and its twelve provincial branches, that you are fully aware of the magnitude of the Old Lady's transactions. In this one department no fewer than three hundred account books are printed, ruled, bound, and used, every week. By way of contrast we saw the single ledger which sufficed to post up the daily transactions of the Old Lady on her first establishment in business. It is no bigger than that of a small tradesman's, and served to contain a record of the year's accounts. Until the last few years, visitors to the Bullion Office were shown the old box into which the books of the bank were put every night for safety during the Old Lady's early career. This receptacle is no bigger than a seaman's chest. A spacious fire-proof cellar is now nightly filled with each day's accounts and they descend to it by means of a great hydraulic trap in the Drawing Office, the mountains of calculation being too huge to be moved by human agency."

Dickens would indeed have been amazed if he had been able to see a hundred years into the future; the shining steel of the great safes and strong-rooms which can be flooded with water at an instant's notice; the elaborate precautions against assault and battery from the skies. The Old Lady's housekeeping records and accounts, too, have grown to such proportions, owing to a succession of government loans, beginning with the War Loans of thirty years ago and continuing to the huge flotations of today, that her accom-



Tivoli Corner, Princes Street and Lothbury—present day

modation became hopelessly inadequate and additional space, in different parts of London, had to be found. In 1925 she at last decided that the old home was too small and engaged Sir Herbert Baker to design a new place which would put all her family under one roof. The Old Lady's taste, ever conservative, insisted that her architect face the problem of reconstruction with the maximum sympathy towards the retention of her old and historic appearance. In the new building, as the illustrations show, much of the actual building, and still more of the spirit and tradition of the Old Lady's home, have been faithfully preserved. The old Garden Court remains, a spot of green in the heart of London, and the rooms of her Governor and Directors have been raised to the floor above so that the Old Lady can see out and get a little more sunshine.

If we turn back to *Household Words* we can read what Dickens has to say about the Old Lady's business of making money, which she has been doing in a manner quite unlike anybody else for a great number of years. "Although her works," says Dickens, referring to the bank notes which the Old Lady produces from her own presses, "are the reverse of heavy or erudite, being flimsy to a proverb, yet the eagerness with which they are sought by the public surpasses that displayed for the productions of the greatest geniuses who ever enlightened the world; she is, therefore, called upon for enormous copies of each edition . . . and reprints of equally large impressions are demanded six or seven times a year. She is protected by a stringent copyright; in virtue of which piracy is felony and was, until 1831, punishable with death. The very paper is copyright, and to imitate even that entails transportation. Indeed, its merits entitle it to every protection, for it is a very superior article. It is so thin that each sheet, before it is sized, weighs only eighteen grains; and so strong that when sized and doubled a single sheet is capable of suspending a weight of fifty-six pounds. . ."

About a year ago it was decreed that a modest five-pound note should be the largest allowed to circulate; thousand-pound notes could too easily be folded and passed from hand to hand in illegal transactions, and were too useful for black market trading. The actual notes have not varied much since Dickens' day. The paper is still a crisp, pure white and the ink a dead black. Counterfeits are difficult and very rare.

Machinery apparently had a tremendous fascination for Dickens in those far-away days. "Everything possible is done by machinery," he says, continuing the subject of the Old Lady's bank notes, "engraving, printing, numbering. . . The publication department is so admirably conducted that a record of each individual piece of paper launched on the ocean of public favour is kept and its history traced till its return; for another peculiarity of the Old Lady's establishment is that every impression put forth comes back, with few exceptions, in process of time, to her shelves, where it is kept for ten years, and then burnt. This great house is, therefore, a huge circulating library. The daily average of notes brought back into the Old Lady's lap, examined to detect forgeries; defaced; entered upon the record made when they were issued; and so stored away that they can be reproduced at any given half-hour for ten years to come, is twenty-five thousands." This figure is many times greater now.

* * *



Consols Office



Governor's Room

The well-being of her servants and staff was ever a prime concern of the benevolent Old Lady. In her early years her staff numbered about a hundred; usually it was less, sometimes more, clerks being engaged or dismissed as her whims required. One of the first constructive measures passed by a special committee "for House and Servants" stated that in future "noe servants be taken in till they have been examined and approved". The Old Lady's records show that applications for positions were received from "a milliner on the Exchange": a "cheesemonger, at the Rose and Crown": a thread-maker, a haberdasher, and one Robinson, who announced himself as "a sonn of ye porter at ye Gate". A personal bond was exacted from friends of the clerk, and their salaries, which began at £50 a year, were revised upwards, somewhat irregularly, until a stated maximum was reached. Bonuses were awarded for special services. Mr. Marston Acres, who is a faithful admirer and biographer of the Old Lady, refers to the bestowal of £25 to a clerk in recognition of his having compounded certain "Tables and Rules", and to the granting of twenty guineas to another fortunate individual for his skill in having invented "an instrument for the ready finding of the Interest on Exchequer Bills". The young lady clerks on our present-day bank staffs will be heartened to know that their predecessors, who worked for the Old Lady two hundred and fifty years ago, were also frequently accused of "entering ye Bank at too late an hour". Their mistress tried fining them to induce them to rise a little earlier from their beds, but it had no effect, as she might well have known.

"With all her wealth, and all her power," Dickens goes on, "and all her business and all her responsibilities, she is not a purse-proud Old Lady, but is so particularly considerate of her servants that the meanest of them never speaks of her otherwise than with affection. Though her domestic rules are uncommonly strict; though she is very severe upon mistakes, be they ever so unintentional; though she makes her indoor servants keep good hours and won't allow a lock to be turned or a bolt to be drawn after eleven at night, yet she exercises a truly tender and maternal care over her family. To benefit the junior branches she has recently set aside a spacious room, and the sum of five hundred pounds, to form a library (which is today one of the finest private libraries in the city). Her kindness is not unrequited. Whenever anything ails her, the assiduous attention of her people is only equalled by her own bounty to them."

The Old Lady's bounty towards her servants has indeed been amply rewarded by the fine calibre of her Governors, from Sir John Houblon, the first, to Mr. Montagu Norman, now retiring after his twenty-fifth year as Governor. Several hundred of her sons and daughters are on leave of absence with the armed forces and a large amount of money has been raised voluntarily, so that the Old Lady could give a Spitfire to the government. The staff social, sports, benevolent and educational clubs are still in active operation, the profits being contributed to either the war effort or to the orphanage fund.

"Perhaps there is no Old Lady", said Dickens in his sketch, "who has attained to such distinction in this world as this highly respectable female".

And we, too, as distant members of the same family, are proud to pay our tribute to this Old Lady of Threadneedle Street, who has remained steadfastly, for two hundred and fifty years, the honoured head of the profession in which we serve.

The modern photographs used in this article have been kindly supplied by the Bank of England. The engravings of earlier times have been taken from "*The Bank of England from Within*" by W. Marston Acres with the kind permission of the publishers—Oxford University Press.

POST-WAR IMMIGRATION POLICY

BY W. J. WAINES

— I —

THERE is already evidence of a considerable body of opinion in Canada favourable to a policy of large-scale immigration after the war. This is nothing new in Canadian opinion but it might have been expected that the experiences of the last decade would have counselled extreme caution in the matter. As in the past, however, caution may again be thrown to the winds. It is not the purpose of this article to estimate the exact number of immigrants which Canada can absorb after the war. In fact, it is impossible to do this because it is not possible to foresee the future clearly enough to know whether or not the circumstances will be favourable or unfavourable to immigration. An attempt will be made here to discuss some of the more important considerations which must be kept in mind in determining a proper post-war immigration policy for Canada. The thesis will be developed that the possibilities for immigration are extremely limited. It is only by giving adequate consideration to the relevant facts that costly experiments in settlement may be avoided.

In order to establish a framework of reference it may be well to summarize some of the views which have been expressed as to Canada's population potentialities. Professor Stephen Leacock, in one of his wittier moods, suggested that the resources of Canada would support a population of 250 million. Most of the estimates, however, have been less optimistic. Professor Griffith Taylor said in 1936 that the Prairie Provinces could support a population of 90 million with standards of living equivalent to those of Northern Europe. Mr. G. G. McGeer was reported as saying in 1936 that Alberta and British Columbia could accommodate 100 million people. Mr. C. L. Burton suggested a population of 25 million by the 1950's and Mr. C. W. Peterson, publisher of the *Farm and Ranch Review*, expressed the belief that "we have room without crowding for a population of at least 50,000,000 people in Canada". Mr. P. A. O'Farrell writing in the *Financial Times* in 1928 put the figure of the population which Canada ought to have by the year 2,000 at 120 million. His most amazing statement was that "Canada can absorb a million new settlers a year". Canada absorbed an average of 85,000 settlers per year in the decade 1901-1911 and in the same ten-year period gross immigration amounted to only 1,800,000.

One of the most recent estimates might be mentioned in more detail as it is being widely quoted at present. Professor Griffith Taylor in his pamphlet "Canada's Role in Geopolitics" expressed the belief that the population of Canada could reach the figure of 100 millions. This estimate is based on a study of Canada's resources and is derived from the experience of Europe in the development of her resources. However, Professor Taylor's assumptions and qualifications should be noted. His estimate is based on European, not Canadian, standards of living. If we prefer to maintain our present standards, Professor Taylor would reduce his estimate to 50 millions. Similarly, his estimate is based on the assumption that the large farms on the prairies can be broken up into small farms (possibly 40 acres) and that the Alberta coal resources will be used industrially. Professor Taylor concludes: "Thus in the distant future if we decide to lower the standards (which I do not advocate), to split up the large farms and to develop the coal to its utmost, then a figure of 100 millions seems to the writer to be not altogether visionary." (p. 24.)

The validity of this argument will be examined later in this article. At this point it need only be pointed out that the estimate of a population of 100 millions is based on the assumption that European standards of living may be accepted, that European agricultural systems are applicable to Canada and that conditions will prevail for the development of industry based on coal, similar to those which were responsible for European industrial development.

The advocates of immigration claim various advantages to be derived from a larger population, or from the settlement of peoples of certain racial stocks. It is claimed that our economic, social and governmental institutions have been developed on a scale to accommodate a much larger population than we have at present. It is argued that the costs of operating and maintaining these institutions would be less per head with a larger population. The most vigorous arguments for immigration usually come from representatives of railway companies and manufacturing interests who see in a larger population greater outlets for their products and increased traffic on the railway lines. In some cases the demand for a larger population stems from a desire to maintain what is considered a proper racial balance in Canada by encouraging immigration from Great Britain to offset the high natural increase amongst Canadians of other racial origins. Others point to the large areas of undeveloped "fertile" lands which could be used to accommodate the redundant populations of the overcrowded areas in Europe.

Whatever the reasons advanced it appears that there will be a demand for large-scale immigration after the war as that appears superficially to be the means by which the population can be increased most rapidly. Canadian experience, however, is not encouraging in this respect. An attempt will be made to set out the reasons why this is so.

— II —

Before discussing immigration as a factor affecting the future size of the Canadian population it may be well to examine the probable *natural* increase in the population of the country. Professor Burton Hurd has projected the present trends of population growth into the future in order to estimate what the future population will be—within the limitations of the assumptions on which the projection is based. These assumptions should be noted carefully. The projection is based on birth rates for the period 1931-1936 and the mortality rates in the 1931 All-Canada Life Tables. That is, no allowance is made for the probable further decline in Canadian birth rates. In so far as the 1931-1936 birth rates prove too high, the projection will be too high. Moreover, no allowance is made for immigration or emigration. This projection, therefore, is a forecast of the future population of Canada assuming no change in birth or death rates and assuming a growth based on natural increase only and with no losses to other countries. As Professor Hurd points out projections of this sort are not to be taken as predictions but they do serve useful purposes. They indicate clearly that some expectations of population growth are wildly extravagant and that it is dangerous to base policies on such unfounded expectations; they make it clear that if population is to expand faster than present trends indicate, some new factors must come into the situation which will increase the rate of growth.

This projection shows an increase in Canada's population from 10.4 millions in 1931 to 15.4 millions in 1971. A logistic curve fitted to this projection shows a maximum population of 20.7 millions which would be approached about the year 2,300. The changes which have taken place in the rate of growth of Canada's population are shown in the following compilations by Professor Hurd. The rates of increase for the period after 1931 are based on the projection; the rates for the decades prior to 1931 are actual percentage increases and are influenced by net immigration or emigration.

PERCENTAGE INCREASES IN THE POPULATION OF CANADA			
1901-1911.....	34%	1941-1951.....	11%
1911-1921.....	22%	1951-1961.....	10%
1921-1931.....	18%	1961-1971.....	8%
1931-1941.....	11%		

The projected rates of growth are probably too high. It is to be expected that fertility rates will continue to decline and that future declines in mortality rates will not fully compensate. This is certainly the expectation for other countries. Already it is clear that the estimated percentage increase in population for the decade 1931-1941 of 11 per cent. is too high. The actual increase was only about 10 per cent.

In one important respect the trend of population growth in Canada is unlike that of Western and Northern Europe and the United States. In these latter countries the rate of growth is already such that an absolute decline in population can be predicted in the near future unless fertility rates increase. For Canada as a whole this is not yet true though we are moving in that direction. The significant facts about the trend of Canadian population growth are: (1) The rate of growth is declining and as a consequence the population is ageing. For example, in 1931 about 17 per cent. of the population was 50 years of age or over. It is estimated that by 1971 about 25 per cent. will be in this age category. The implications of this fact in terms of the productivity of the population and in terms of social security costs will be apparent; (2) the rates of growth are different for different racial groups in the country—in general lowest in the English-speaking sections of the community, highest amongst Canadians of Central European origin and intermediate amongst French Canadians. This fact, of course, implies a gradual shift in the racial composition of the Canadian population.

— III —

The factors which are most significant as affecting Canada's capacity to absorb population can be discovered through an examination of the statistics of the growth of Canada's population. The relevant statistical information was compiled and analysed by Mr. C. MacLean of the Dominion Bureau of Statistics and published in Volume I of the 1931 Census under the title "Analysis of the Stages in the Growth of Population in Canada". The statistical information is summarized in the table on page 91.

This table shows wide variations in both the absolute and percentage increases over the period 1851 to 1941. There is no evidence of a steady rate of growth over any considerable period of the country's history. For example, the decades 1851-1861 and 1901-1911 show rates of increase of 33 and 34 per cent. respectively, while the decades 1891-1901 and 1931-1941 show rates of 11 per cent. and 10 per cent. The rates of increase in other decades fall

between these extremes. Such variations in the rates of increase suggest that there are important fundamental factors which determine Canada's absorptive capacity at any particular time.

Decade	Population Increase (000's)	% Increase	Immigration (000's)	Emigration (000's)	Net Immig. (+) or Net Emig. (-) (000's)
1851-61	793	33	220	45	+ 175
1861-71	460	14	180	474	- 294
1871-81	636	17	354	544	- 190
1881-91	508	12	886	1,118	- 232
1891-1901	538	11	321	496	- 175
1901-11	1,835	34	1,848	998	+ 850
1911-21	1,581	22	1,676	1,225	+ 451
1921-31	1,589	18	1,500	1,211	+ 289
1931-41	1,043	10	140	300	- 160

An examination of the table also shows that high rates of increase in Canada's population have been associated with considerable amounts of net immigration while low rates of increase have been associated with net emigration. This, of course, is to be expected. But it does not follow that in order to induce a rapid increase in Canada's population we need do nothing more than relax our immigration laws and advertise our wares abroad. The fact is that periods of net immigration have been periods during which the underlying factors affecting development and economic activity have been favourable and large numbers have not only been attracted to this country but have found that they could make a livelihood here.

The growth of the population and the flow of migrants into and out of the country have followed the movements of the business cycle very closely. Studies which have been made both in Canada and the United States show that the timing is not exactly the same, i.e., the flow of immigration continues beyond the peak of the business cycle. But apart from this, Canadian experience indicates that the volume of immigration is much more dependent on economic conditions in the country than on anything else. The periods of rapid growth of population were all periods of rapid economic expansion. Take as an example the decade 1901-1911—the decade in which has occurred the greatest absolute and percentage increase

in the population. From 1896 the price of wheat rose steadily and as a result of improvements in transportation the cost of laying it down in Europe steadily declined. World prosperity after 1896 encouraged the exportation of capital from Europe for the development of new countries. The increasing industrialization of Europe provided a growing market for food and raw materials from abroad and economic nationalism had not yet developed as a major factor in world trade. Local Canadian conditions were also favourable to settlement. Large areas of free or low-cost land were available in Western Canada. Agricultural techniques had been developed which made it possible to cultivate these semi-arid regions and, possibly most important of all, the area of settlement was a prairie country which could be settled with a minimum of difficulty. The ease with which settlement could be effected was largely responsible for the rapidity of settlement. To repeat, there existed a set of favourable circumstances which made it possible for the country to absorb population at an average rate of 180,000 per year.

Contrast with this situation the circumstances of the two decades from 1881 to 1901, when the rate of increase of the population was the lowest ever experienced in the period under consideration except for the decade 1931-1941. During this period prices were falling and the relationship between the price of wheat and the cost of transporting it were unfavourable to agricultural settlement. World depression also limited the supplies of capital available for the development of new countries. Moreover, during this time the United States was relatively more attractive than Canada as an area of settlement. The net result of these circumstances was an emigration from Canada in excess of the number of immigrants coming to the country and an average annual increase in the population of only 50,000.

Over the period since 1851 there have been available for settlement from natural increase and immigration combined, almost twice the number of people that the country was actually able to absorb. The losses are represented by a volume of emigration which closely approaches the volume of immigration for the same period. As Mr. MacLean put it in the monograph referred to above: "The increase in population in the last eighty years (1851-1931) due to immigration was 1,844,000, and this about balances the loss of Canadians to the United States and certainly only balances the loss of Canadians to the United States and elsewhere".

What conclusions may be drawn as to Canada's absorptive capacity in the future? It is impossible to give a precise answer to this

question but perhaps the order of magnitude may be estimated or, at least, the limit suggested. The highest rate of population growth ever achieved in Canada was 180,000 per year during the decade 1901-1911. It was argued above that in this decade the circumstances were the most favourable to rapid growth ever experienced. Perhaps the decade 1921-1931 should be taken as more likely to be representative of the future. Population increased at the rate of 159,000 per year during this decade. If past experience is any guide it seems probable that this is the maximum rate at which Canada can absorb population. If this rate of increase were retained to the end of the century the population would then be about 20 millions. Therefore, on the basis of past experience many of the current estimates of Canada's population in the future appear to be fantastic.

What does this experience suggest for the future of immigration? If we accept 159,000 per year as the absorptive capacity of Canada how much of this increase will come from natural increase? If we take the natural increase for 1939 as a satisfactory figure for the future we find that the population will increase by 120,000 per year from this source. This gives an average possible volume of immigration of 39,000 per year, making no allowance for emigration. Net immigration has never exceeded this figure except in the decades 1901-1911 and 1911-1921.

On the basis of past experience respecting Canada's absorptive capacity there seems to be little ground for expecting any large-scale immigration in the future. Study of the problem has established that immigration into a country is stimulated by prosperity rather than being the cause of it. It follows that the only method by which Canada can stimulate the increase in her population is by maintaining a high level of economic activity. Thus the solution is not to be found in specific schemes of immigration but rather in general economic policies which will improve the markets for Canadian products and create conditions favourable to the investment of capital in the country.

— IV —

Many of the arguments advanced for large-scale immigration into Canada appear to be based largely on the notion that Canada is a country possessing rich, undeveloped natural resources. It is true, of course, that the quantity and quality of a country's natural resources is one of the most important factors determining the capacity of a country to absorb population. But there are many other factors equally important. Some of these are the availability of supplies of

capital, the techniques available for the exploitation of natural resources, the extent of the markets for the products of a country, and the standards of living which the people of a country are willing to accept.

In the past immigration has been related principally to agricultural settlement. The construction industry has also absorbed considerable numbers of immigrants, though many of these have eventually found their way onto the land. Opinion seems to be quite strong that there are still large areas of good agricultural land available for settlement. This opinion probably arises out of the fact that the land area is large and the density of population is low, but it ignores the fact that much of the land area is unsuitable for settlement of any kind.

Most of the best agricultural land in Canada is already in use. The remaining areas on which agricultural settlement might be possible are to be found either in the northern parts of the Prairie Provinces, in isolated blocks on the Canadian Shield or in British Columbia. It has been estimated that in 1936 there were about 18 million acres of land in the Prairie Provinces which might reasonably be made available for settlement. Most of this land was in Northern Alberta. This acreage is the equivalent of 67,500 farms of the average size found in that region. Assuming a population density equal to that found on similar lands (six persons per farm) this available land would accommodate about 400,000 persons. However, between 1921 and 1931 twenty-two million additional acres of land were occupied in the Prairie Provinces and the rural population increased by only 216,000. Past experience suggests, therefore, that the 18 million acres of available land might accommodate no more than 200,000 to 250,000 people.

Nor does the matter end here. As already noted, most of this land is located in the northern portions of the Provinces. These soils are not as fertile as those of the southern areas and would require careful management if they are to be used for agriculture. Moreover, the good lands occur in scattered patches intermingled with large areas of poor lands. In such regions as these the density of population will always be low and the costs of settlement, involving the provision of facilities required by a settled community, will be high. In all probability the settlement of such areas will involve very large governmental expenditures of a developmental sort.

It should be noted also that the density of population in the older settled portions of the Prairie Provinces has been decreasing.

This is an indication that over large areas the efficient farm unit is large. Experience indicates all too clearly that the 40-acre farm in many parts of western Canada would not support a family even on a semi-starvation basis. As people move from the older settled areas it is to be expected that they will seek farms in the unsettled portions of the north. It would be safe to say that most of the available lands will be needed to accommodate native Canadians who are seeking new farm lands.

Agricultural areas in the Canadian Shield consist for the most part of soils which are marginal or submarginal for agriculture. In any case, agriculture in these areas is dependent upon the development of mining and forestry industries in the region, and agricultural settlers are usually dependent on part-time employment in the mines and forests. There are no doubt some lands in British Columbia but they are probably also of low quality and not capable of absorbing many additional settlers.

The relative decline in opportunities for employment in agriculture may be illustrated in another way. In the decade 1921-1931 in both Manitoba and Saskatchewan the rural areas were unable to absorb the natural increase in the rural population in spite of an increase in farm acreage of 27 per cent. in Saskatchewan and 4 per cent. in Manitoba. In Alberta alone, of all the provinces of Canada, was the natural increase in the rural population fully absorbed in agriculture. In that Province farm acreage increased by 33 per cent. This is evidence of the decreasing ability of the rural areas to provide a living for the natural increase in the rural population—a consideration very relevant to current discussions of immigration and land settlement. In the absence of major changes in the world trading situation there appears to be little prospect of rural areas of Canada absorbing surplus population from other areas, without a corresponding decline in the standards of living.

An examination of the forestry, fishing and mining resources of the country does not hold out much prospect of great absorptive capacity in the future. Our forest resources have been developed over a great many years and have been depleted very rapidly. There is nothing in the recent development of the fishing industry to suggest the basis for marked expansion. The prospects for mining development are probably somewhat better. But even here it seems likely that on the average new developments will not do much more than replace old developments which have petered out. One general observation may be made with respect to all these extractive industries. Development in these industries gives employment to rela-

tively few people as compared with agriculture and even rapid expansion, which is not anticipated, would not absorb great additions to the population.

— V —

So far we have concerned ourselves with Canada's capacity to absorb additional people. In so far as the increase in population may come by way of natural increase we have indicated the probable trends of population growth and we have argued that there is a place for a very limited volume of immigration. There is also the other side of the problem: where are the immigrants to come from?

Those who advocate a policy of large immigration presumably look to Europe as the source from which these people are to come. In this connection the population trends in Europe and elsewhere are extremely interesting. In most of the countries of Western and Northern Europe and in the United States the populations are not now replacing themselves. This means that on the basis of existing fertility and mortality rates the rate of growth is declining and eventually will become negative, i.e., the populations of these countries will decline unless supported by immigration. The fear of a population growing so fast that it will press upon the means of subsistence has been replaced by the fear of "race suicide" in the countries of Western Europe.

Dr. Kuczynski has developed a simple means of determining whether or not populations are currently reproducing themselves—the net reproduction rate. The net reproduction rate is the number of female children who will be produced by one thousand female babies, during their lives, on the basis of existing or assumed fertility and mortality rates. If the net reproduction rate is one the population is just reproducing itself; if it exceeds one the population will continue to grow indefinitely if fertility and/or mortality rates do not change; if it is less than one the population will eventually begin to decline unless, of course, there is a change in fertility and/or mortality rates which will reverse the trend. For example, if 1,000 female babies lived to produce 800 female children they would have failed to reproduce themselves. The net reproduction rate would be .8.

Net reproduction rates have been calculated for many countries. Those with rates of 1. or less are in Western and Northern Europe. The United States also has a net reproduction rate of less than 1. Countries with net reproduction rates greater than 1. are those of Central and Eastern Europe and the Oriental countries.

The significance of these population trends can be made clear by specific reference to England and Wales. Dr. Enid Charles projected the population of England and Wales on the assumption that the fertility and mortality rates existing in 1931 would continue. In that year the population was 40 millions. She calculated that it would grow to 40.8 millions in 1940, would remain almost unchanged for a decade and then would decline to 37.3 millions in 1970 and to 28.5 millions in 2,000. It should be emphasized that this calculation is based on the fertility and mortality rates of 1931 and in the absence of a change in these rates or of migration, would be mathematically correct. It is impossible to predict accurately over a long period of time what will happen to fertility and mortality rates. We know that during the decade 1931-1941 fertility rates declined more than mortality rates. Assuming further declines, Dr. Charles made an alternative calculation which shows England and Wales with a population of 33.8 millions in 1970 and 17.7 millions in 2,000.

These estimates should not be taken too seriously except as indicating that unless fertility rates *increase* the population of England and Wales will decline. It is clear, however, that the matter is causing some concern in England in that Sir William Beveridge made quite a point of this population trend in his recent Report and stated that his social security measures might in some degree reverse the trend.

The implications of these trends in the growth of the populations of the countries of Europe are important in connection with Canadian immigration. We cannot expect any significant numbers of immigrants to come from the countries of Western and Northern Europe. Immigration from Russia is unlikely in view of the fact that Russian development is likely to be very considerable in the future and will accommodate a rapidly growing population for some time to come. Population pressure will be greatest in Poland and several Central European countries and India, China and Japan. This poses an awkward problem for those who advocate an all-out, but selective, immigration policy.

— VI —

We have attempted to show that many of the estimates of Canada's future population are fantastic. They cannot be supported by the facts of Canadian experience or by the potentialities for future development. The natural increase of the Canadian population promises a modest increase during the balance of this century; the history of population growth and immigration indicates a large

absorptive capacity only under exceptionally favourable circumstances; an examination of the undeveloped resources of the country suggests limited potentialities for further development and suggests also that the greater part of future population increases must be absorbed in industrial occupations; population trends indicate a drying-up of the sources from which immigrants might be expected to come.

In all this the assumption that we do not wish to reduce the standard of living of the Canadian people is implicit. If we are willing to do so the rate of population growth could be somewhat greater. Professor Bladen suggests "that unless the problems of economic adjustment were solved, immigration would be likely to reduce the standard of living of Canadians generally, to depress native fertility rates . . . to increase mortality through the influence of poverty and probably not greatly to increase the rate of growth over two or three decades."

The Canadian economy is extraordinarily dependent for its prosperity and development upon economic conditions abroad. Canadian development in the past has been influenced very largely by our ability to find profitable markets for our staple products. This condition arises out of the specialized character of the resources of the country. The most effective long-range immigration policy for Canada in the future is to use what influence she has to stimulate world economic expansion and trade. Her future capacity to absorb population will depend mainly on world economic development.

SUBSTANCE OR SHADOW

Address by Mr. C. St. Pierre, President of The Canadian Bankers' Association and General Manager of Banque Canadienne Nationale, delivered before the Annual General Meeting of the Association, Montreal, November 11, 1943.

DURING the past two years it has been my high privilege to preside over this Association. In concluding my tenure, I should like to express to all members my appreciation of their co-operation which has made my duties lighter in these difficult days of war.

Our country, together with the United Nations, has now passed the end of its fourth year of war and we are well on into the fifth year. During these years of struggle the chartered banks of Canada have contributed quietly but efficiently their full share toward effectively expanding the national economy and to its proper functioning.

The extent to which the national economy has been expanded can be realized by comparing the statistics for the year before the war with those of today. At August 31, 1939, ten days before Canada formally declared war, the total deposits in the chartered banks in Canada were \$2,524 millions. At September 30 of the present year these deposits had grown to \$4,085 millions, an increase of 61%. Bank of Canada notes and notes of the chartered banks in the hands of the public at August 31, 1939, in Canada, totalled \$210 millions. By the end of last September this had grown to \$747 millions, an increase of 255%. The total of the public's effective money in Canada (apart from coin)—that is notes and bank deposits—at August 31, 1939, just before the outbreak of war, was \$2,734 millions; and at September 30, 1943, it stood at \$4,832 millions, an increase of \$2,098 millions, or 76%.

The national income has multiplied and we have moved up from an economy of less than five billion dollars into one of roughly nine billions, all in the space of four years. Canada's whole industrial mechanism has been swung over from a purely peacetime production to a vast and complex production of war goods; nothing in all Canada's industrial history has been so creditable to the ingenuity, ability and patriotism of Canadian business men. There could be no greater demonstration of the usefulness of a system of democratic initiative.

Since the war broke out, war contracts awarded by our government on behalf of Canada and others of the United Nations had exceeded \$10 billions at the end of September this year. Canada's total trade,

which in the year before the war totalled only \$1,647 millions, reached an aggregate of \$4,401 millions for the twelve months ending August 31, 1943, a growth of more than 167%.

Employment has advanced in Canada until practically everybody is at work, with shortages even appearing here and there. Taking 1926 as a base, with an index figure of 100, we find that in the year before the war, that is 1939, the index stood at 113.9; but at July 31 this year, the latest figure available, the index had risen to 183.7, an increase during the war years of 69.8. The strength of the armed forces in September of this year had reached 727,000 persons, while the number of persons employed directly or indirectly in war work had risen to 1,100,000 people. The total of people gainfully employed is now 5,200,000 compared with 4,150,000 at the outbreak of war. This year Canada's production program of war goods alone is totalled at \$3,425 millions.

Some of the farmers of Canada may have been inclined to feel that the war has not brought them as much additional income as has accrued to industrial workers. Canadian industrial production has increased tremendously, and a great many more people have been employed in industry than ever before. Many of these have left the farms, attracted by the larger apparent money incomes available. The ranks of the farmers have also been depleted by voluntary enlistments. Farm income is therefore being apportioned among a very substantially smaller number of farmers. The most important fact to be observed in this connection is that the cash income from the sale of farm produce in Canada which totalled \$710 millions in 1939 was \$1,083 millions in 1942, an increase of \$373 millions, or 50%. This was the largest farm income in Canada's history.

Now all this tremendous expansion of the national economy, of Canada's industrial plant capacity, of employment, of armed services, carried with it inevitable problems of finance greater and more complex than anything Canada ever knew before. Industrial expansion and plant construction was aided by government financing to the extent of \$1,190 millions, but apart from government aids, the chartered banks of Canada, through their branches from coast to coast, have most ably served the enlarged needs of their customers and the nation. I should like to see a wider spread of knowledge among Canadians generally, about the truly remarkable services that their banks have rendered in this great wartime expansion. I do not think that the commonsense of Canadians can be shaken materially by strange or radical movements once the people are fully informed.

The burden of organizing to meet the insatiable needs of war rested, of course, upon the government, and the manner in which the financing has been handled has been commended by competent authorities everywhere. Four years ago a moderate credit expansion, arranged by the government with the co-operation of the chartered banks, initiated the forward stride of Canada's industrial war machine. A little while later a second very moderate credit expansion was arranged in the same manner. Under the stimulus of war orders and war manufacturing Canada's productive capacity was tremendously stimulated; and now the total budgeted cost of government in Canada including war costs, is \$5,500 millions for the current fiscal year. This, of course, compared with only \$553 millions as the total cost of national government in the year which preceded the war. In other words, the war has compelled the nation to expand its expenditure almost tenfold.

The financing of this expansion has been done, first from taxation and other revenues, to the extent of roughly half the national budget. The other half has to be met by borrowing as far as possible the savings of the people. The marked success of Canada's several Victory Loans has been most impressive, but from time to time there has been a gap between the amount that the government has been able to raise by taxes and loans combined, on the one hand, and the wartime spending requirements on the other.

This gap the government has bridged by borrowings from the chartered banks on a specially-created six-months' instrument called a Deposit Certificate. The banks, at the wish of the government, refrain from purchasing the 3% Victory Bonds when these great issues are offered, because it is desirable that Canada's borrowings should be obtained from the savings and from the current incomes of the people themselves rather than by means of bank credit.

But, when the government has to supply itself with any added money to bridge the gap which I have described, the banks furnish the necessary accommodation against Deposit Certificates at the low rate of interest of $\frac{3}{4}$ of 1%. Great Britain I may say pays $1\frac{1}{8}\%$ on the same type of instrument, which the British Government uses in the same manner.

(Incidentally and in passing, I may mention, as of interest to our millions of depositors, that the banks in England pay $\frac{1}{2}$ of 1% on savings deposits, while Canadian banks pay $1\frac{1}{2}\%$. Canadian banks thus pay more to the savings depositor and earn less from the government than do the banks in England.)

Regarding Deposit Certificates, British banks can anticipate repayment at any time by cashing their receipts for the purpose of subscribing for longer term government securities such as the $2\frac{1}{2}\%$ National War Bonds. Canadian banks have no such latitude. Nor are they asking it. I mention these comparisons solely to indicate that Canada's banks serve their country's emergent war needs willingly at lower cost to this nation than similar services cost Great Britain.

At the end of September 1943 the banks held a total of \$1,763 millions of Dominion and provincial securities maturing within two years. This compares with \$1,272 millions at the end of September one year ago, and \$443 millions at the outbreak of war. The present holdings are 36% of our total deposit liabilities, and represent a high degree of liquidity. This increase has arisen in some part from the government's borrowing on the six-months' Deposit Certificates to which I have referred. The banks now hold \$815 millions of this six-months' instrument.

In my address last year I expressed the hope that this means of borrowing would be limited to absolute necessity. This hope has been substantially realized. The practice of the government in paying off at least a portion of these borrowings from time to time is evidence of that.

It is an excellent thing for Canadians to invest to their limit in Victory Bonds, War Savings Certificates and Stamps, for it is a simple basic truth that every available dollar that the government needs over and above the yield from taxation, which Canadians fail to put into the government's war issues, compels the government to utilize a new dollar to take the place of the one the public does not lend. The issuance of new money in too great quantities has been the root cause of every disastrous inflation recorded in history.

Some excellent evidence of efficient financing, with the full co-operation of the chartered banks, is to be found in the record of debt charges during this war, contrasted with comparable figures for the last war. The funded debt of Canada — bonds, debentures and Treasury Bills—in the year 1914, the year in which the first Great War started, was \$311,800,000. By 1921, after demobilization had been financed, it had grown to \$2,521,000,000. In 1939 Canada's public debt stood at \$3,386,000,000, and at August 31, 1943—after four years of war—the figure was \$7,893,000,000.

In 1914 the average rate of interest paid on the Dominion's borrowings was 3.6%, but by 1921, after demobilization had been financed, the rate had risen to 5.2%, and quite a lot of Canada's then

outstanding bonds were non-taxable. In 1939, just before the war broke out, the average interest rate paid on Canada's funded debt was 3.5%—but the average rate paid on Canada's funded debt in 1943 is only 2.6%.

Let me point out further that the sum total of Canada's net debt charges in 1939 was \$116 millions—and notwithstanding that the debt itself has increased by 133%, the net debt charges as of August 31, 1943, had increased by only 40% to \$163 millions. These figures should prove somewhat disconcerting to those of radical turn of mind who so often insist that the present financial system necessarily brings about debt charges that are insupportable. The amount which Canada pays in net charges on her funded debt is 3.7% of the Dominion's total budgetary expenditure for the last complete fiscal year and equivalent to 7.2% of that year's federal tax revenue.

Total assets of the chartered banks have increased since the war began from the pre-war figure (at August 31, 1939, just before the outbreak of war) of \$3,548 millions to the high level of \$5,264 millions at September 30 of this year, an increase of 48%. I have already stated that Canadian deposits have increased 61% since the war began.

Current loans to the Canadian public at September 1942 stood at \$978 millions. The comparative total this year is \$989 millions. This represents a decline from the peak of August 31, 1941, when our current loans rose to \$1,153 millions. This decline undoubtedly reflects the effect of growing restrictions on non-war commerce and industry. The total of our current loans in Canada is nevertheless \$163 millions higher than at the start of the war when it was \$826 millions.

Canadian deposits have increased 61%, Australian 41%, United Kingdom 43% and United States 58%. Notes in the hands of the public total 255% more in Canada, 235% in Australia, 86% in the United Kingdom and 157% in the United States. The public's effective money consisting of deposits and notes grew by 76% in Canada, 62% in Australia, 48% in the United Kingdom and 69% in the United States. The volume of loans, including call and short loans, discounts and advances shows an additional 15% in Canada, 32% in the United Kingdom and 12% in the United States, but dropped by 16% in Australia. The percentage of all loans to total deposits has consistently receded during the war, in Canada from 32% to 24%, Australia from 89% to 53%, the United Kingdom from 51% to 47%, and the United States from 38% to 27%.

We have been pleased to perform wartime service to the utmost and to take our place in facilitating an expanded economy in which the rate of interest cost to the country has gone down throughout the war instead of going up as it did during the last war. We have performed and do perform innumerable services for the nation, in addition to our normal services to depositors and borrowers; and have done so notwithstanding a drastic change in the make-up of our staffs.

Of 14,433 men of military age employed at the commencement of the war, 5,980, or 41%, had joined the armed forces by the 15th October 1943. In addition, 1,880 men who joined the banks' staffs subsequently have enlisted. Some 500 women employees have also joined the colours. Our banker warriors therefore total 8,360, about half a fighting division. At the start of the war the chartered banks employed 5,182 women, but by mid-October last there were 17,006 women, forming 58.7% of our staffs. The readiness and adaptability of these young women deserve great praise and should be a source of satisfaction to the banks and their customers. It is much to the credit of the staffs of the chartered banks that notwithstanding the problems involved in the training of so many employees in so short a time, very high standards of service have been maintained.

At the close of 1939 the chartered banks had 2,723 branches and 596 sub-agencies in Canada, totalling 3,319 banking offices. By the end of August 1943, however, the total number of the banks' Canadian offices had been reduced to 3,089. In that period 265 offices ceased to operate full-time, although 36 of these were changed to sub-agencies where banking services were available for two or three days a week only. The 229 full-time offices closed represent 6.9% of the total Canadian banking offices, including sub-agencies, compared with 7.2%, the corresponding percentage of the London clearing banks up to the end of May 1942. The English banks closed more part-time than full-time branches, and many closings of both types were due to destruction by air raids. While Canadian closings have concentrated staff and equipment, the banks are handling a much greater volume of banking transactions than before the war.

The volume of bank debits, which is the total amount of cheques and other debit items passed to individual accounts at the thirty-three clearing centres of Canada, totalled \$31,401 millions for the twelve months ending August 31, 1939, compared with \$51,613 millions for the twelve months ending September 30, 1943, an increase of 64%. During the war the total Canadian deposit accounts of all kinds have increased by over 243,000 in number or about 5%, and by 61% in

aggregate amount. In addition to this the banks have opened and are operating over 138,000 ration coupon accounts. It is apparent that the banks are doing a substantially greater amount of work in a smaller number of offices.

As part of our war duty we have taken on the work involved in ration coupon banking, contributing to the country's safeguards against black markets and, as has been attested by the Ration Administration, actually saving the government considerable expense. The work that we have performed almost ever since the war began, as agents for the Foreign Exchange Control Board, and in supplying the machinery through which foreign exchange control is actually effected, is so well known now as to require no elaboration from me. In every Victory Loan the machinery has been put into motion with the help of the banks and our branches have served as national outlets for the distribution of these government securities among upwards of three million small purchasers. We have lent staff and have done everything possible to press every Victory Loan campaign to a successful conclusion. We handle deliveries for the National War Finance Committee and for the Bank of Canada and we provide low cost safe-keeping facilities to small holders as a further wartime service.

Canadian business has expanded to the tremendous extent shown in the figures I have given as to war contracts let in Canada, increase in employment, expansion of import-export trade, and production of war materials. Industry itself has undergone a complete transformation. It has accomplished prodigious things of which Canadians would hardly ever have thought themselves capable before the war, and through it all the banks have been a potent factor in a wise economy. In every airplane plant in Canada, banking service is there, beside the miners who dug the metal that went into engines, frame and wings; beside the railway men and the truckers who transported the materials to the factory; beside the men who speeded them together down the production line. In every arsenal and gun factory, in every steel mill, in every shipyard where Canadians are forging victory, banking service is invisibly there, imparted into the largest ship of war or the smallest pin. By the side of the men and women in our armed forces and by the side of their dependents, the service of Canada's chartered banks stands, doing the work involved in the encashment of pay-roll and dependents' allowance cheques; and in every business house our service is there in the money raised and supplied to finance pay-rolls and purchases. In every national banking transaction, in every way that money serves the war effort, the smooth functioning of our banking system with its 3,089 offices in

Canada, is a real and ever-present factor. I cannot help feeling that the public recognizes these facts and that such recognition will have a favourable effect in winning approval for Canadian banking and for its essential place and service in war or peace.

I should like to remark, nevertheless, that it is strange that at the very time when our democratic initiative, industry and finance have risen to such great heights of service and efficiency and have given overwhelming evidence of capacity, a clamour should arise to tear it all down, throw it all on the scrap-heap, and substitute something which has failed wherever it has been tried. It is my earnest conviction that recognizing the part that our sound, safe, banking system plays in the well-being of this nation and of every individual, Canadian commonsense will withstand any urge to abandon the substance for the shadow.

In this respect I am reminded of what was said about experiments in banking by Lord Macmillan, the eminent British judge and banking authority. In a Royal Commission report to the Canadian Government in 1933, which led to the founding of the Bank of Canada, Lord Macmillan said:

“The mechanism of finance is a delicate one; the confidence upon which it is based is a slow growth, but it may be destroyed overnight. Unfortunately there is no laboratory in which experiments can first be tried. They can only be tried upon the lives and fortunes of human beings and if they fail they can be productive of untold misery.”

I am confident that our millions of depositors fully share that view. Canada's banks have shown that the laws and the system under which they operate provide a set of competitive institutions whose services can be expanded to meet any crises, even those of the present world-wide war. A system so elastic is certainly capable of meeting equally well the crises and demands that post-war years may bring.

THE AGRICULTURAL SITUATION

BY B. A. M. KING and L. I. MORGAN

DURING the past year Canadian agriculture chalked up another record in food production. Despite the stringency of manpower and of equipment, output of most major food commodities was maintained at or exceeded the high levels of the two previous years, thanks to the extraordinarily good feed situation resulting from the bumper crops of 1942, and to the war effort of hard work and long hours on the part of the farm population. Demand for farm products was, of course, also at record levels. Though rationing of butter and meat held in check domestic consumption — the rapid expansion of which had been the chief factor in creating the previous year's shortages—export contracts were considerably larger; indeed so large that the major ones fell short of realization within the specified contract period. Consequently the necessity of stimulating output of the needed products in the right proportions continued, and the Government, as in previous war years, was given no respite from problems of price adjustment. In fact, these problems became wider in scope (though none was so acute as that presented by the beef situation in the previous year) for they affected not only meat and dairy products as before, but also wheat and other grains which had previously been insulated from price disturbances by heavy supplies in relation to demand. Moreover, after the middle of the year, an additional complicating factor arose: the partial crop failure in the East, which brought a serious problem of transporting feed supplies and of offsetting the increased costs involved in using more purchased feed. The poor growing season, by curtailing fruit and vegetable crops, had the additional effect of precipitating a further extension of consumer rationing — canned fruits and preserves — and necessitating controlled distribution of canned vegetables. In short, all was far from quiet on the farm front.

In the international field, the year has meant for Canada increased recognition as an important surplus-producing nation and new international responsibilities. For, as the approach of victory has brought the problem of relief needs for liberated Europe into sharp focus, emphasis has increasingly centred on food as an instrument of peace no less than a weapon of war. Canada's already close co-operation with the United States was still further strengthened last spring by the formation of a Joint Agricultural Committee to

integrate the production and distribution programs of the two countries. In October, she became a full-fledged member, along with the United States and Great Britain, of the Combined Food Board, charged with overall planning of the United Nations' food supply. At the conclusion of the United Nations Conference on Food and Agriculture at Hot Springs, Virginia, last summer, a Canadian was appointed head of the Interim Commission formed to set up a permanent world food-planning organization. And finally, Canada emerged from the first session of the United Nations Relief and Rehabilitation Administration at Atlantic City in November with the Chairmanship of the important Committee on Supplies.

LIVE STOCK AND DAIRY PRODUCTS

Though developments in grain markets and prices stole the show for a time during 1943, interest has continued to centre on live stock and dairy products, upon which the heavily expanded wartime demand, both domestic and export, has been concentrated. Last year was one of no mean achievement. Hog marketings reached the amazing figure of over 7 million head, nearly a million more than in either of the two preceding years and about double the average production for the immediate pre-war years. Cattle marketings were held at the high level of about 1.2 million head. And total milk production was maintained at approximately 17.5 billion lbs.—a notable feat in the face of the shortages of labour, of new labour-saving dairy equipment, and of high-protein feeds. Nevertheless, difficulties in filling the bacon, cheese, and egg contracts arose and there were threatened domestic shortages in eggs, fluid milk and, toward the end of the year, in butter. (It should be noted that civilian consumption was considerably higher than pre-war and showed further expansion over 1942 chiefly in beef, eggs, and fluid milk, though rationing cut butter consumption by 13%.) Military and miscellaneous export demands were likewise on the up-grade. As a result, to expand and adjust supplies—and no doubt in response to the unremitting farm pressure—the Government continued to offer production incentives such as bonuses*, support prices, and higher prices under the British contracts. Consequently, prices to the farmer for the major animal products have in the past year undergone further considerable upward adjustment.

* In the spring, authority for determining and paying bonuses was transferred from the Wartime Prices and Trade Board to the Agricultural Food Board constituted within the Department of Agriculture. The WPTB, however, retained responsibility for domestic distribution, including rationing, and for prices.

Dairy products perhaps illustrate best the complex problems that have had to be faced and the solutions that have been attempted. Whereas in 1942 a disproportionate diversion of milk to cheese had necessitated price adjustments and bonuses on other dairy products, last year butter absorbed somewhat too large a proportion of the milk

MONTHLY AVERAGE WHOLESALE PRICES OF
SOME IMPORTANT FARM PRODUCTS

	Dec. 1943	Dec. 1942	Average 1943	Average 1942	Average 1926-29
Wheat, No. 1 Northern, Winnipeg	\$1.25	.90	1.08	.83	1.42
Oats, No. 2 C.W., Winnipeg (1).....	.62	.45	.55	.49	.60
Barley, No. 1 Feed, Winnipeg (2)....	.80	.56	.70	.59	.74
Hogs, B1, Toronto, cwt. (3).....	12.83	12.47	12.65	11.79	11.61
Good Steers, Toronto, cwt.....	11.68	10.89	11.70	10.41	9.04
Cheese, No. 1, Montreal, lb. (4).....	.28	.24	.26	.23	.19
Butter, No. 1, Montreal, lb. (5).....	.42	.41	.41	.38	.38
Eggs, A Large, Montreal, doz.....	.50	.50	.45	.41	.48
Fluid Milk, Toronto, cwt. (6).....	3.00	2.75	2.82	2.62	2.55

(1) Including advance equalization payment of 10c. per bu.

(2) Including advance equalization payment of 15c. per bu.

(3) The new Dominion Government bonus of \$2.00 per head on this grade does not, of course, appear in any of these prices, since it did not go into effect until late in January 1944.

(4) Export prices plus Provincial and Dominion quality bonuses and, from October 1943, 30c. per cwt. bonus on milk for cheese.

(5) Wholesale price plus butterfat bonus of 6c. per lb. July-Dec. 1942, 10c. per lb. Jan.-Apr. 1943, and 8c. per lb. May-Dec. 1943.

(6) Price to the farmer including bonus of 30c. per cwt. Jan.-Apr. 1942, 25c. per cwt. Sept. 1942-Sept. 1943, and 55c. per cwt. Oct.-Dec. 1943.

supply. Stimulated by the advance in butterfat bonuses (for 1943, the January-April bonus was put at 10¢ per lb. and that for the rest of the year was raised from 6¢ to 8¢), butter output was 19% higher in the first six months of the year than a year earlier. In the same period cheese was down 38%, giving rise to some anxiety about the 150-million-lb. British contract. Meanwhile, a temporary bonus had had to be placed on milk for concentration in March and April, and regional shortages in fluid milk threatened repeatedly. When the partial failure of the Eastern feed crop was added to this precarious situation, further measures were announced on September 10, to go into effect October 1. A winter bonus of 30¢ per cwt. on milk for cheese and for concentrated products was instituted, and an additional one of 30¢ per cwt. was placed on fluid milk in areas of shortest supply.

The attempt to divert a larger proportion of the seasonally low winter milk production from butter to cheese has been only too successful. During December 1943 and January of this year, 26% more cheese was produced than in the previous winter. Unfortunately, however, butter production in the same period fell 16% below the

year-ago figure, upsetting supply calculations which already allowed little leeway because 7 million lbs. had been shipped to Britain in the fall as some compensation for the failure to fill the cheese contract. The recently-announced cut in the butter ration for March and April has resulted. Official heads must ache as each attempt to create a balance in the dairy-product price structure thus brings in its wake a new maladjustment. Nevertheless, the thorny problem has just been tackled anew. On February 24, Agriculture Minister Gardiner announced in the House a new system of subsidies for 1944-45. For the coming summer, both to stimulate overall production and to balance output, the whole schedule of subsidies will be at a higher level than last summer. Milk for concentrated products and milk for cheese, which were unsubsidized last summer, will receive respectively 15¢ and 20¢ per cwt. Fluid milk in areas of shortest supply will receive 35¢ instead of 25¢ per cwt., and the butterfat bonus, last summer 8¢ per lb., will remain throughout the year at the winter figure of 10¢. For the winter of 1944-45, all subsidies will remain at this winter's levels except the cheese-milk subsidy which will be reduced from 30¢ to 20¢ per cwt.—presumably so that it will interfere less than it has this year with winter butter production.

The problem of production incentives for hogs has, in recent months, been scarcely less ticklish. True, progress was reasonably good with the ambitious 675-million-lb. British contract, aided by fairly severe restrictions on domestic consumption and by intensified control over slaughtering. By mid-August it was 65% complete, and with heavy fall marketings in prospect, little anxiety was felt about its fulfilment. Even when, in response to political pressure and because of the congestion in export packing-houses, restrictions on domestic slaughter were removed in late October, the full quota was filled by the end of the year, only six weeks late.

Nevertheless, several factors in the situation were causing justifiable concern about future production. In part, as in the case of dairy products, these were the fruit of unbalanced price relationships. The cattle-price adjustments which had solved the previous year's beef shortage made hog production look relatively less attractive than cattle production. In July the cattle-hog price ratio was 99 to 100 against an average over recent years of 75 to 100. The growing dissatisfaction with hog prices was aggravated in the East by the drought, which meant more purchased feed and hence higher costs. In the West the higher returns from coarse grains which resulted from the equalization payments begun in August* tended to make

* See section on grains, following.

farmers feel that it was just as profitable to market grain for cash as through live stock. The increase in the new bacon-contract price, of 75¢ per cwt., announced on October 22, fell far short of meeting farmers' hopes. (A greater increase could not be made, it was later explained, because it would endanger domestic price ceilings, and the alternative of hog bonuses, which Agriculture Department officials are said to have pressed for, was also unacceptable at that time.) Dis-satisfaction was intensified by the sharp reduction in the amount of the British contract to 900 million lbs. for the *two* years 1944 and 1945, since it meant the curtailment of an important wartime market whose demand was still unsatisfied—as evidenced by the visit of the British Minister of Food to Ottawa to plead for maintenance of shipments to prevent a cut in the British bacon ration.

In any case, it is probably not necessary to recall to the reader the outcry which followed. The classic query of bystanders at noisy gatherings, "What's the matter? Killing pigs?" could in this case be literally answered in the affirmative, for it seems probable that to some extent at least the extraordinarily heavy marketings of November and December represented liquidation of herds, and from all over the country came reports that farmers were going out of hogs. Indeed, Minister of Agriculture Gardiner defended the reduced contract on the grounds that hog production was on the down grade anyway, and that perhaps it was just as well in view of the necessity of adjusting to post-war markets and also in view of the heavy draft on feed reserves which would occur this year. Both of the last-mentioned, it should be noted, are problems which are likely to have to be faced in the future. They have been postponed, however, for the upshot of all this was the announcement on Jan. 12 of a Dominion Government bonus of \$3 per head on Grade A hogs and \$2 on B1's, to go into effect as soon as possible. Reports from both West and East indicate that, as a result, the trend out of hogs has been sharply reversed and that, after all, the goal set by the Dominion-Provincial Conference—repetition of last year's record marketings of 7 million head—may yet be attained. In the meantime, meat is more plentiful than shipping capacity and storage facilities can handle and meat rationing has been temporarily abandoned to allow Canadian stomachs to take care of the surplus.

THE GRAINS

Meanwhile, there had been important developments in regard to grains. In large measure these represented repercussions from the tight feed situation in the United States, from the dwindling of

wheat supplies in that country because of abnormal war uses for feed and alcohol, and from rapidly rising U.S. prices for all grains. As it became clear that Canada's wheat surplus must be the main North American source for meeting possible relief needs, its character changed from that of an embarrassing burden to that of a desirable, though still ample*, reservoir. In the new atmosphere a price rise of notable proportions occurred, No. 1 Northern at Winnipeg advancing from about 90¢ per bushel in February to over \$1.20 in the latter part of September. Since the Government subsidizes wheat for domestic feed and milling purposes and is the buyer of a large proportion of exports, the uncertain price situation was clearly undesirable. On September 28th the Dominion authorities suspended trading in wheat at Winnipeg, took over at prevailing prices all unsold commercial stocks of wheat including those held by the Wheat Board, and established a fixed initial price for this crop year and the next of \$1.25 for No. 1 Northern at Fort William. Wheat Board accounts on past crops, it was announced, were to be closed out and final payments made on participation certificates held by farmers—which incidentally may add \$50 millions or more to Prairie farm income in 1944. Domestic, Mutual Aid, and relief needs are to be met from the old-crop wheat taken over by the Government, and new-crop wheat in the hands of the Wheat Board will be used for other exports.

Canadian coarse grains no less than wheat responded strongly to the influence of the U.S. situation. Heavy demand both from that country and at home had carried prices practically to ceiling levels by February. As U.S. prices continued to rise, creating gratuitous profits for exporters, the Government in April took steps to divert these profits to producers by charging fees for export permits (roughly equivalent to the spread between U.S. and Canadian prices, less charges) and accumulating them in "equalization funds" to be distributed on a pro rata basis to Western producers at the end of the crop year. With the beginning of the new crop year, it began to seem likely that exports, at least of barley, might be curtailed by transportation difficulties and heavy feed needs in Eastern Canada. Since this would mean depriving farmers of the benefits of equalization payments, which had increased as a result of the continued advance in U.S. prices, the Government announced that "advance equalization payments" of 10¢ per bushel on oats and 15¢ on barley

* Canadian supplies, including nearly 200 million bushels on farms, at July 31 were close to 900 million bushels. Domestic disappearance in the current crop year is officially estimated at 175 million bushels. Thus there is a surplus for export and carryover of more than 700 million bushels.

would be made on all marketings. Any accumulations in the equalization funds above the amounts necessary to cover these payments are to be distributed later. (It seems extremely unlikely that even this amount will be recovered from exports of barley, though there may be some residue in the case of oats.)

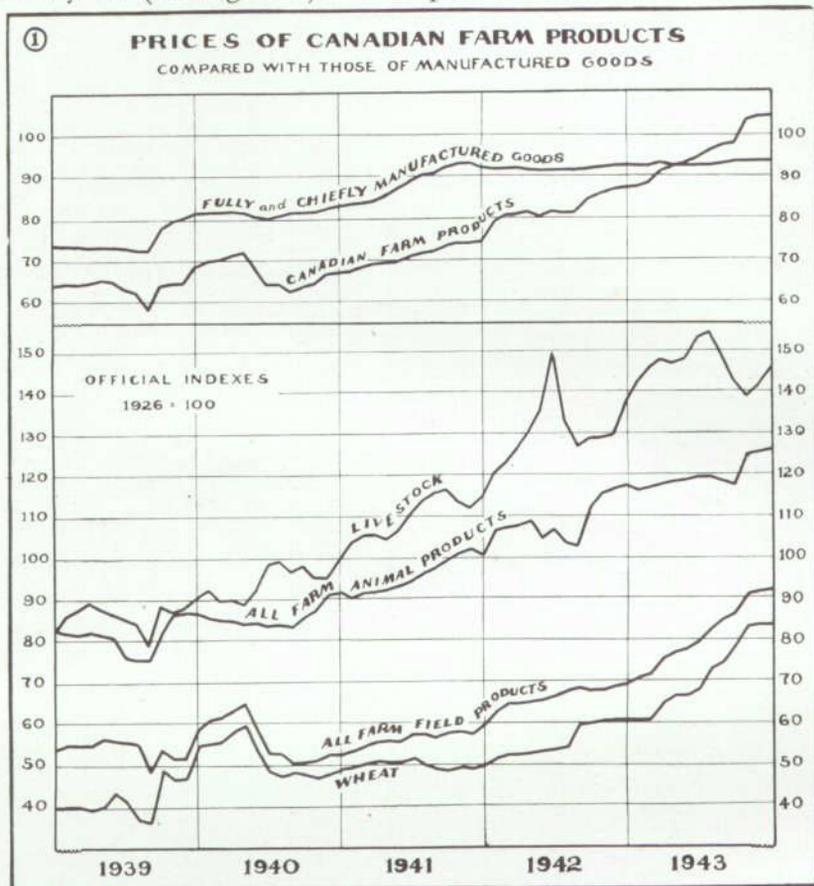
The supply of grain is, of course, crucial for the wartime meat and dairy programs. Though talk of feed shortages has figured prominently in the economic news, it can be said with safety that this supply is adequate both to satisfy this year's Canadian needs and to provide generous exports to the U.S.A.; the problem is one of distribution, not of overall supply. Though the bumper yields of 1942 were not repeated, the expanded Western coarse-grain acreage of 1943 produced a crop of oats and barley roughly large enough to cover use on farms where grown and marketings of about the same size as in the preceding year. The carry-over from previous crops is a sufficient reserve for this year's increased needs, though indications are that it will likely have fairly well disappeared by next harvest.

The distribution problem, however, has been one of no mean proportions. It was estimated last summer that about 100 million bushels of Western grain would have to be shipped to Eastern Canada, and steps were taken to encourage this movement by bonusing Eastern farm purchases and by facilitating transportation in every way possible. The situation was further complicated by the necessity of moving large quantities of wheat before freeze-up to provide for winter exports and Eastern milling needs, and more recently this complication has recurred because of the need to build up Lakehead wheat stocks for the spring movement. Nevertheless, Eastern feed needs have in general been met. This heavy movement of Western grains to the East has been concurrent with a demand from the United States apparently limited only by transportation. It has been estimated that 175 million bushels of Canadian wheat may be bought by that country for feed in the current crop year, if transportation can be arranged, and shipments of oats and barley to date indicate a movement for the crop year approximating the 93 million bushels that moved south in 1942-43.

FARM PRICES AND FARM INCOME

From the foregoing it will be clear that substantially higher prices as well as larger output have been the progressive result of the wartime situation. The charts of Canadian farm-product prices and of cash income from the sale of farm products provide a picture which will perhaps come as a surprise to those whose attention has

been caught mainly by evidences of farm dissatisfaction with Government price ceiling and other control policies. The results of war-swollen demands for live stock and dairy products appear in the sharp rise in the prices of farm animal products over the past four years (see Figure 1). Field products other than wheat have



also made a contribution to the upward movement of the farm-product index, and in the past year wheat itself has ceased to exert a depressing influence. With the recent rise in wheat, the total index has gone above that for manufactured goods,* which has re-

* The price relationships shown in the chart, of course, relate to the situation as it existed in 1926 as the "norm". That the relationship between farm prices and manufactured-goods prices has become a favourable one in reference to other "norms" of prosperous years is shown by the following. Prices at the end of 1943 on base 1926-29=100 were: all farm products 103.7 (animal products 116.5; field products 94.9); manufactured goods 97.6. On base 1929=100, farm products were 103.8 (animal products 112.1, field products 97.8); manufactured goods 100.9. These price relationships are offered only because they answer questions likely to be asked, and not because the authors are convinced of the virtue, for practical administration, of rigid "parity" calculations.

mained relatively stable over the past two years or more. (The new guaranteed price of \$1.25 per bushel, as will be seen from the Table on page 109, is around 90% of the 1926-29 average. It is higher than the average for any crop year, except one, since 1927-28.) Not all farm bonuses, it should be pointed out, are reflected in the price indexes.

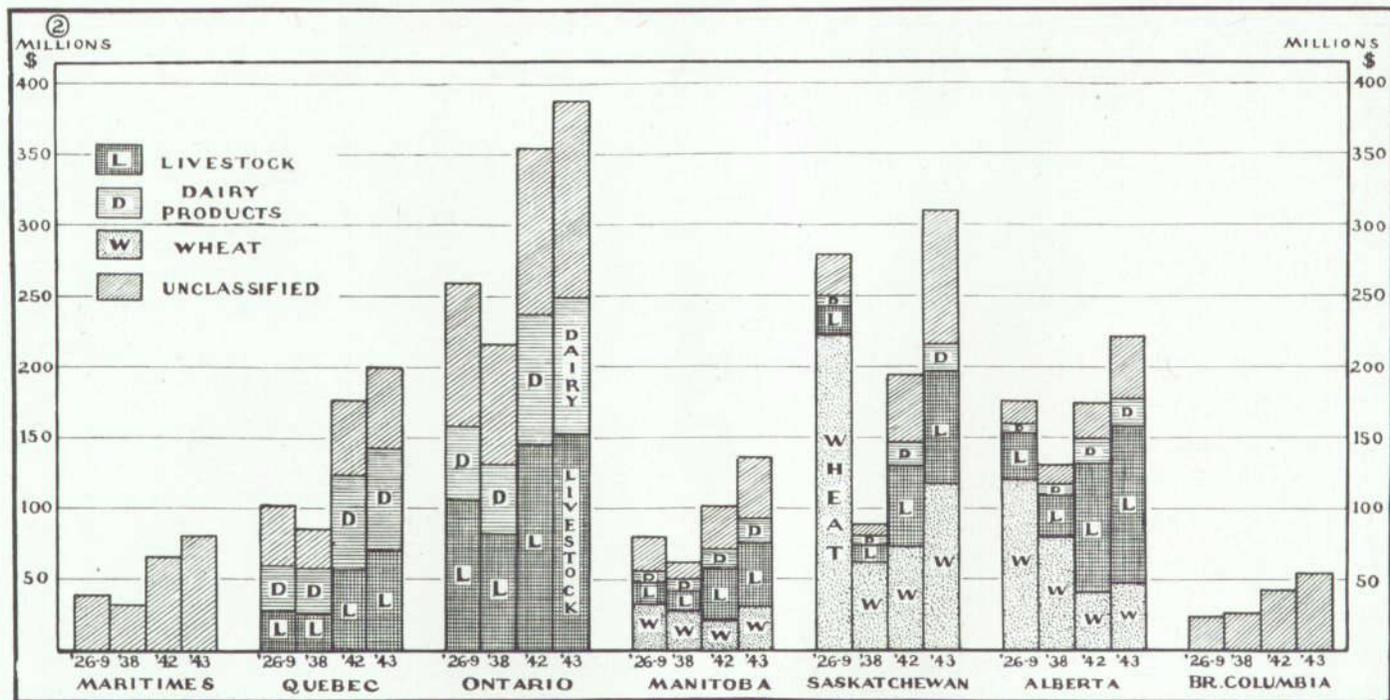
The effects on cash farm income of these higher prices and of expanded wartime production, especially of live stock and dairy products, have been substantial, as Figure 2* shows. The Dominion Bureau of Statistics estimates 1943 receipts for the country as a whole at \$1,397 millions, an increase of no less than 25% over the previous year and practically 44% above the pre-depression average. (The latter comparison is minimized by the omission from cash farm income estimates of the various payments to wheat growers and a few subsidies on animal products.) Last year's increase was particularly striking in the Prairie Provinces where, largely because of continued heavy grain marketings in the spring of the year from the bumper crops of 1942, receipts from the sale of farm products were up 42% from a year earlier. Thus Saskatchewan, which so long suffered from relatively depressed income because of her dependence on wheat, and which in 1942 was the only province where cash farm income was still materially below the 1926-29 average, last year surpassed that figure by a comfortable margin.

Not all the increase in gross cash income of course is clear gain. Increased production costs have absorbed some of it, though no precise measures exist for determining how much. Certainly wage rates have risen steeply and continuously, but the dwindling supply of manpower has limited the aggregate increase by reducing the amount of hired labour. Other farm costs have also risen, though it is sometimes forgotten that controls have been exercised over such increases. The most important of these are the Freight Assistance Policy which pays transportation costs on feed grains from the Prairies (under it the Federal Government, up to the end of last year, had paid out \$25 millions), the bonusing of farm-stored purchases of Western feed grains last summer and fall, and the drawback on Western feed wheat, together with a number of other subsidies and price ceilings designed to hold down the costs of processed feeds, fertilizers, and containers. All in all, Dominion subsidies and bonuses—whether direct cash payments such as those for Wheat Acreage Reduction and the dairy-product subsidies, or

* See page 116 for chart.

CASH INCOME FROM THE SALE OF FARM PRODUCTS, AVERAGE 1926-29, 1938, 1942 AND 1943

Source: Report of the Royal Commission on Dominion-Provincial Relations and Dominion Bureau of Statistics



measures to reduce costs—totalled approximately \$84 millions in 1942; and they are roughly estimated as having exceeded \$100 millions in 1943.

Whatever the rise in costs has been, there is evidence of a substantial amount of betterment in the farmer's net financial position, especially during 1943. Reports from mortgage and implement companies indicate that debt repayment has proceeded at an accelerating pace. An increasing number of land sales, particularly to occupying tenants in the West, are also reported. And sales of country general stores were 12% greater in 1943 than in 1942, in contrast to the marked slackening of the rate of expansion in urban retail sales, which were up only 4%.

THE OUTLOOK

The present year may prove to be a sort of watershed between wartime and peacetime agricultural policies. Certainly problems of transition have begun to claim attention, in agriculture as well as in industry: farmers are wondering about post-war prices and markets, and the Government is beginning to outline a post-war policy based on longer-term export contracts and support prices. At the same time, planning for relief needs is injected into the situation—needs whose character and amount will certainly be of great importance to a surplus-producing agriculture such as Canada's, and which assume increased immediacy as the invasion of Europe approaches. Nevertheless, this is still a year of war (we hope the last) and wartime demands upon Canadian agriculture have by no means slackened off. Indeed, the problems of maintaining the levels of production and export achieved last year are in themselves formidable.

The Dominion-Provincial Agricultural Conference last December made it clear that Canada has reached the approximate limit of agricultural production. Goals for the major live stock and dairy products were placed close to 1943 levels—for cheese and butter somewhat below. Indeed, these goals must be achieved under definitely less favourable circumstances than in the previous year, chiefly because of the Eastern feed situation. Moreover, the prospective sharp reduction in the reserve of feed grains which had been built up over several years may prove a limiting factor even beyond this year. The importance of feed is reflected in the emphasis placed by the Conference on the necessity for a further increase in feed grain acreages. Both for this reason, and because wheat reserves are ample for the present, the Conference warned against increases in wheat acreage. Nevertheless, it seems almost inevitable that

there will be some swing back to wheat this year—though part of it might represent a greater sowing of summer fallow rather than a transfer out of coarse grains. Factors tending to encourage such expansion in wheat include the higher price, the abandonment by the Government of Wheat Acreage Reduction payments, and the effects on Western farm psychology of the recent limitations on shipments of coarse grains in favour of wheat.

This year's weather will, in the final analysis, really determine whether feed supplies will be adequate to maintain or increase the present live stock and dairy-product programs. Other limiting factors—the supply of farm labour and machinery—promise some improvement. With regard to the former, it would be unwise to expect any great reflux into farm occupations in the near future, but with the levelling-off of war industry there are certainly indications that the city-ward trend has tapered off and that some slight return movement has begun. At the same time, the better organization of school-child and other temporary help from the cities eases the harvest labour problem. Less problematical is the improvement with regard to machinery: quotas on production have been raised very sharply.

Another favourable factor in the outlook, both for production and for the farmers' attitude with regard to national economic policies generally, is the current level of farm prices, reinforced as it is by a number of "floor" prices. With the bonuses on dairy products and hogs, the high level of cattle prices, and the better prices of grains, it seems likely that farm cash receipts will show another gain this year in spite of the flattening-out of the production curve. From a broader viewpoint, the most desirable development would be the further elaboration of a post-war policy aimed at giving farmers reasonable assurance for the future. In such circumstances, though the vexatious and unavoidable inequities which beset all producers and consumers in wartime would remain, the natural urge to make as much as possible out of the war situation against the evil days to come would be less insistent. One thing appears inescapable: the mounting pressures toward inflation can be resisted only by a joint effort on the part of all groups, including the farm population. And, in the opinion of the authors, farmers have more to fear from inflation than from Mr. Gordon.

THE BRITISH EMPIRE

BY EDITH A. DAVIS

PERHAPS we who were born to the rights, privileges and responsibilities of citizenship in the British Empire are sometimes inclined to take our heritage too much for granted, instead of stopping to enquire what the British Empire really is, and what it means to us and to the world at large.

The British Empire is many things. It is a world within a world, covering one-quarter of the earth's surface, an area of twelve million square miles. It embraces every continent, and its five principal divisions are separated by the three great oceans. Within it the distribution of day and night, like the alternation of the seasons, is almost complete, half enjoying daylight, while the other half is in darkness. Yet the British Empire is more than this.

There are nearly five hundred million inhabitants of the British Empire, and if the lands are varied, much more so are the people who call them home. Sixty-eight millions belong to the white race, which leaves countless other groups of all kinds and conditions of men. There are Malayo-Polynesian, Indo-Chinese, Semitic, Hamitic, Gypsy, Bantu, Maori, and many others varying in colour, creed and culture, but all together making up one-quarter of the world's population. India alone is divided into one hundred and eighteen language groups. Forty-seven millions reside in the British Isles and four hundred and thirty millions are therefore scattered all over the surface of the earth and the high seas—in every conceivable circumstance of occupation, religion, ethics, appearance and ambition. All the problems of world government must be solved within its borders, so that the British Empire is really a League of Nations within itself. But it is not population that makes up the Empire, nor geographical limitations. No, it is something more than that.

The British Empire is responsible for one-quarter of the world's food supply. Her economic resources are the greatest that have ever fallen to one government. Her trade and commerce, her wealth and natural resources, her systems of transportation, communication, education and defence, government and politics, the countless languages and dialects, the business of light, heat, power and broadcasting—these are practically beyond comprehension—yet there is much more to it than the management of all these.

It is broad lands and mountain ranges; it is incalculable riches of mine and mineral; it is ocean, lake and mighty river; it is snow and ice and biting wind; it is temperate zone with rolling prairie and

cultivated farmland; jungle and sandy desert in equator's heat; it is city, town, village and wilderness, immense stretches of forest and islands of the sea; it is history, tradition, patriotism, hope.

An able writer has described the British Empire as being a "federation of national states, both independent and connected, a growth unique. It is in a sense, and perhaps most truly, an aspiration rather than a reality, a thought rather than a fact, a common culture rather than a common government." This may be more true than all the truth of statistics.

Within the British Empire there is respect for religion in all its forms, and the teaching of Christianity to pagan peoples is definitely promoted. The ambition is held to make the world a better place to live in, with improved health and living conditions, and a growing degree of economic security. Law is respected. Freedom of speech and personal liberty are recognized, and the life of every British subject is sacred. A high sense of responsibility for the good of mankind is Britain's destiny amongst the nations, and has cost us dear. Kipling called it "The White Man's Burden", and it has been a strong factor in Empire building. Had Britain been merely careless or selfish the Empire would long ago have disappeared, but she early recognized her duty in world building and she has used her experience and given of her manhood and wealth. An empire is a glorious fabric which has within it such possessions for good to man as justice, liberty and freedom, a recognition that righteousness truly exalteth a nation, and a determination that these things shall be preserved at all cost. And who can adequately speak of the past and present valour of the British Navy, the British Army, the Royal Air Force, and the merchant marine?

But what of the history of the British Empire? It may have begun when the Channel Islands became British as a part of the inheritance of William the Conqueror, and the Isle of Man became a fief of the English Crown in 1393. Or perhaps when the poets first sang of patriotism, as Bunyan did when he wrote of Greatheart—"But that which put glory of grace into all that he did was that he did it out of pure love of his country." Sir Humphrey Gilbert took formal possession of Newfoundland in 1583, since when all other territorial acquisitions of the Empire have been made. We should need a globe to trace them—Barbados, Bermuda, Nova Scotia, Antigua, the Gold Coast, St. Helena, Jamaica, Gibraltar, Prince Edward Island, the Falkland Islands, New South Wales, Malta—and with that loyal name we stop, but there are many, many more. And all this time something more than possessions

was stirring the hearts and imaginations of the British people. John Masefield has written that when Shakespeare laid down his pen after writing "Henry the Fifth" he had done more than any writer to make England sacred in the imaginations of her sons. . .

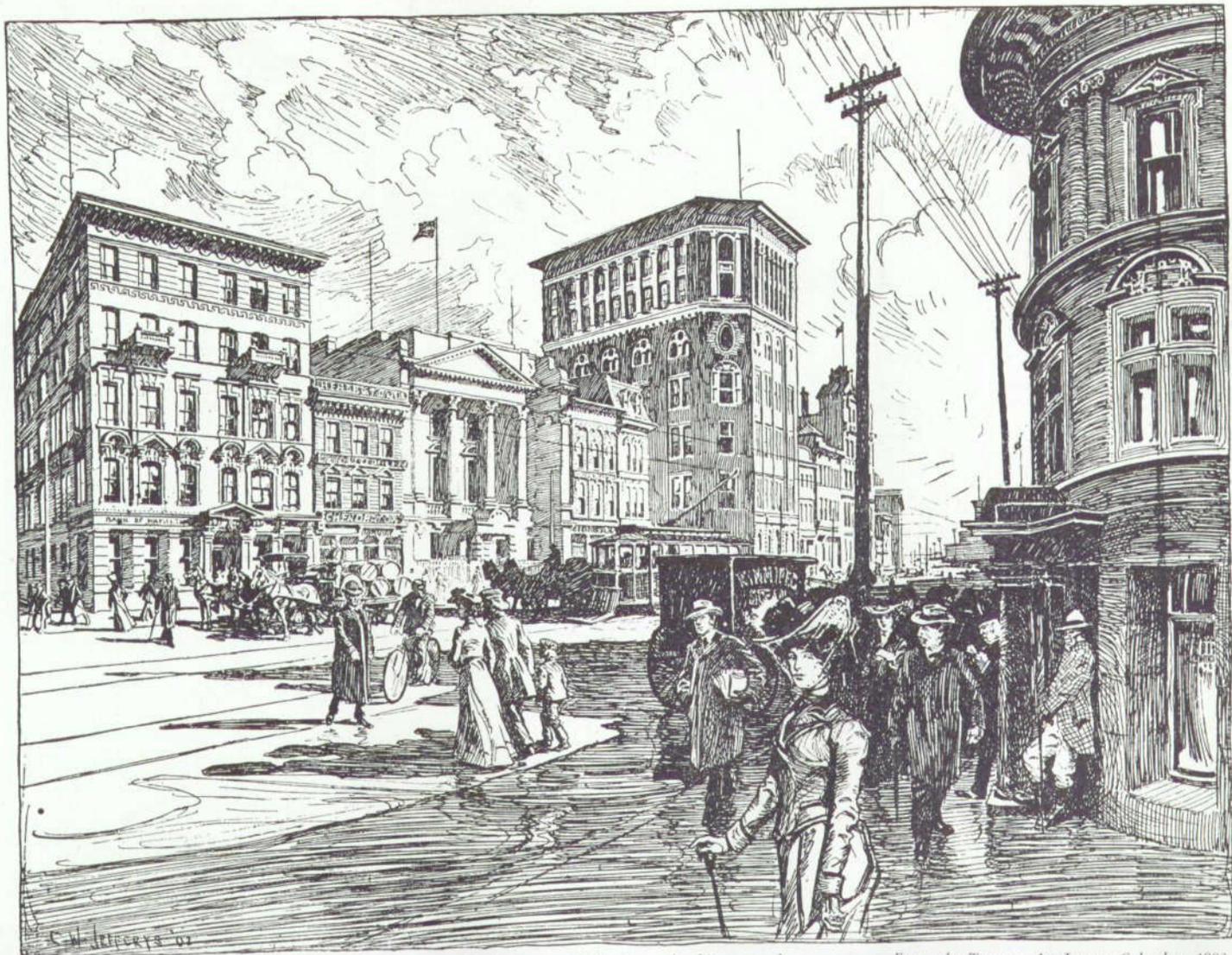
"On, on, you noble English!
"The game's afoot;
"Follow your spirit; and, upon this charge,
Cry 'God for Harry, England, and Saint George'!"

Then "Scots wha hae" sounded from the North, and Tennyson sang "On God and God-like men we put our trust," and prophesied the federation of the world; and Kipling, the poet-laureate of Imperialism, warning lest our greatness should fail through craven fears of being great, and stamping his famous "Recessional" with the humility that is born of power. His poems are the hymns of a people destined to rule and to bear the burdens of many.

At the beginning of Queen Victoria's reign the colonies were little esteemed, and many expected that with growth they would demand independence, but transportation favoured emigration, and kept emigrants in touch with the Mother Country; trade expanded and increasing armaments in Europe showed the value of unity; so gradually and naturally the Empire grew.

But something else was happening in Britain's court which attracted the eyes of the world. When Queen Victoria received the Crown it was tarnished with political scheming and moral degradation, but it became a shining light to the world through her noble character and devotion to duty, her love of country and interest in the Empire, her simple and wholesome home life, and the purity of her court. So, with goodness and power intermingling, the Empire grew and prospered, solidified by the labours and sacrifices of statesmen, colonizers, settlers, missionaries, doctors and teachers, soldiers, sailors and explorers—that liberty and justice and prosperity might exist wherever the Union Jack should fly; and the British Empire stands today as the greatest power for good and security that the world has ever known—not accomplished without fault and error, but always with the highest ideals to strive for and to cherish.

Therefore, when we rise to sing the National Anthem in these days of stress and strain, let us remember not only his most gracious and well-beloved Majesty but all the inhabitants of the world-scattered territory which under various forms of government are linked together in allegiance to the British Crown; and, with tribute to the past and hope for the future, let us sing with heart and mind, as well as with voice,—“GOD SAVE THE KING!”



Main Street, Winnipeg, looking south

—From the Toronto Art League Calendar, 1903.

FORTY YEARS AGO

BY SCOTT CANNELL

(I)

*"What is writ is writ
Would it were worthier!"*

ON NEW YEAR'S DAY, 1944, the narrator designated above sat at home in Toronto, glancing through the newspapers when his eye chanced to fall upon an item in the LOOKING BACKWARD column of *The Winnipeg Free Press* reprinted from its issue of December 29, 1903:

"The Winnipeg Rowing Club Hockey Team
left to play for the Stanley Cup."

The names of the players which followed need not be repeated here, but it should be set down that their opponents were the famous Silver Seven of Ottawa.

Such an invasion of the East by the West was then, as it still is, a stirring event of national interest, and to one fated to be a humble pawn in a game involving Great Kings it is interesting to be reminded of it forty years afterwards; also to recall something of the attendant circumstances that sent him upon a simultaneous and single-handed "invasion" of the West that lasted four years and settled the course of a probably misspent life like many another.

For all banking nomads who may have a kindred feeling for such old stuff, here it is.

At that time, as at various others before and since, there was a great deal of interest in hockey among Canadian banking men. Many first-class players have come out of the different bank leagues since the game was first played and there were some good ones in 1903 and 1904. One of the banks in Winnipeg had on its staff, and its local hockey team, two young men who were not only stars in their own league but members of the Rowing Club, carry-over champions of the Senior Amateur Association of Manitoba. The Stanley Cup team was being chosen and both of these players, with others, were aspirants for the position of cover-point or defence, as they call it now. The rivalry was very keen and a scratch game was arranged as the best means of picking the best man. In that game the favourite candidate eliminated himself by taking a hard check, falling on the ice, and breaking his ankle, and the final selection was

his banking colleague whose name appeared with the rest of the team in the *Free Press* item. It was not Smith but that will do.

The first game was played in Ottawa on the night of December 30 when Ottawa won handily, partly because Smith was ill. He broke out in boils on his body and legs that night and obviously could not play any more, thus putting Winnipeg in a quandary for a cover-point which was solved in this way.

In the same bank in Toronto at the next desk to mine was one of Canada's most celebrated all-round athletes of that or any other day, a former resident of Winnipeg and actually a member of the Rowing Club. Why not, mused the boys in Ottawa, bring him here to play for us? Would the Silver Seven stand for it? Sure they would. Bring anybody you like from anywhere. They could lick all comers (and this was no idle boast—they pretty nearly could).

A telegraphic appeal was sent to the head office of the bank, signed by a patriotic western statesman who had seats for the series of three games, and the Toronto player whose name was not and is not Jones was despatched to Ottawa where, on New Year's Night as the record shows, he was the outstanding star of a reborn team that completely reversed the first decision. Score—game all.

But, going back to the broken-ankled player whose name was not and is not Robinson—his fame was well known to his banking colleagues in Toronto and it had been arranged that if and when he came east with the Cup-seeking team, he would remain and play for the bank that winter but somebody had to be sent from that area to replace him in the Winnipeg Office. I, dear reader, was selected as the sacrificial offering—as it seemed then—and the news was broken to me on Christmas Eve. It felt something like a rap on the back of the neck with a sandbag, for Winnipeg was a long way from home. The day after Christmas the news of the broken ankle came in by telegram; the Winnipeg team was going without the casualty and, to my relief, the whole bank move was cancelled, only to be confirmed again two hours later when a second message arrived to say that the invalid and his crutches were coming East anyway. Accordingly, I departed for Winnipeg on New Year's Day, passing Robinson somewhere in the dark en route, and years elapsed before we ever met. He would like it put down in these minutes, however, that when he arrived in Toronto they expressed more anxiety about his ankle than sympathy for him. They gave him an easy post in the office and asked a doctor to say how soon the ankle would bear him on the ice, but the report being that Robinson must stay out of action the whole winter, they took the sinecure away immediately

and gave him the heaviest job they had. Other authorities deny this.

The train carrying me to Winnipeg got in about ten o'clock on the coldest night I had known up to then. There was no cab at the station and no streetcar and, walking south on the widest and windiest street I had ever seen, with a valise in each hand, I had to put them down at intervals to rub my ears and shake my fingers. After about a mile of this, the main corner loomed up, and down a sidestreet blazed the Mariaggi Hotel sign towards which I steered. A crowd of excited, noisy people blocked the road and as I approached they proved to be looking at bulletins posted in the window of the *Free Press* reporting the final game then in progress in Ottawa. Jones had just scored for Winnipeg, tying the game at one-all and the boys were shouting their heads off. I dropped my bags in the snow and shouted too and did not reach the hotel until after the game. One ear was frozen although I did not find it out until later.

But sorrow followed hard upon rejoicing. Jones' goal was declared no-goal because of offside. There was a groan of anguish in which I joined. And then came the flash "Ottawa scores". Ghostly silence reigned, to which I also contributed, and in a few minutes the game was over and lost; the crowd, including me, descended upon the Mariaggi bar.

Oddly enough, it was a good night for a stranger from Toronto to arrive in Winnipeg—the boys in the bar made him feel at home immediately and his money, if he had any, was not any good at all. Easterner though he was, had he not come from the town that supplied the Winnipeg goal of which fortune had so cruelly robbed her? Was he not making common cause with the mourners and did he not agree that Winnipeg was a swell town and our boys could go down to Ottawa again and show that Silver Seven bunch a brand of hockey that would knock their eye out? Two of them brought in a bucket of snow and attended to my frozen ear and the sandbagging never hurt again. Without having seen it, I formed that night an affection for the old town that has never faltered in forty years.

But the LOOKING BACKWARD column recalls nothing of these matters.

(II)

*"Survey our Empire
And behold our home"*

There was plenty doing everywhere in 1904. The infant wireless was two years old and growing fast, the Wright brothers had made their first flight two weeks before New Year's and the first train

on the New York subway ran that October. Incidentally, it was the year of the Russo-Japanese War, the St. Louis Fair and the great Toronto fire.

Also it was the beginning of Canada's golden decade that brought in 2,500,000 immigrants, set up the Provinces of Saskatchewan and Alberta, and built the National Transcontinental—an era closed by the events of 1914.

Winnipeg was the centre of this, and what a town it was for bustle and colour and interest! Immigrants from every land poured through the city on their way farther West and North. Only half of them were British or American, and around the railway station between trains could be heard a babel of European tongues beyond anything ever before gathered together in one place—or so it was said, because they all sounded alike to me. Nor could many of them speak a word of English when brought into the bank by interpreters to change their native gold pieces.

At the twelve o'clock dinner-hour, the proprietors of the Nugget and other cheap neighbourhood hotels stood at the front door and rang a handbell, when strange foreign crowds concentrated upon the dining-room like children summoned back to school.

That was forty years ago. Their progeny are fine Canadians today.

Naturally the city itself was growing very fast. Portage Avenue was budding like a mile of roses and new sprigs of streets were thrusting out into the prairie. Pioneer days were long over, the frontier had moved far away and Winnipeg was thinking and acting in metropolitan terms.

The Jeffreys illustration on page 122 accurately portrays Main Street, the means of local transportation and the mode of the day; some of the buildings shown were already marked for demolition and the first Ford car arrived within a year, considerably antedating radical amendments in skirts.

That is sometimes called the Mauve Decade of which Maxfield Parrish was a decorative exponent. The more obvious Victorian sentimentalism had expired and the harsher realism of the present day was still a long way off. Belonging to the period were the just published *Traffics and Discoveries* of Kipling and Conrad's incomparable *Youth*, both of them appropriate titles for the time and place and everybody read them. The tearful songs of the nineties about the dying mother, the wayward daughter and "The Fatal Wedding" had been laughed off the stage long ago, the coon song was on the way out and the absolutely new favourite "numbers"

were "Bedelia", "Anona", "Give my Regards to Broadway" by a new idol of that thoroughfare called Cohan and—this may surprise you—"Sweet Adeline". Fortunately people were singing less and turning to a weird new form of whist called "Bridge"—the first appearance of the dummy hand. When a suit was declared, the lead-off player enquired "May I play?" and his partner responded "Pray do". Winnipeg was as up-to-date as the Portland Club.

The 1901 census shows the population as 42,000 but it was probably nearly twice that in 1904, with eastern business establishing Western headquarters and newcomers arriving on every train to throw in their lot with the young Chicago.

It was the civic creed to lie genially about the true population. The patriotic old-timer in the barbershop had seen a tenfold increase since he laid the first ties for the C.P.R. in 1881 and he would tell you there were now positively 100,000 people in Winnipeg. Yes, Sir! He would appeal to the barber, another old-timer, who naturally confirmed any statement by a customer. They knew from experience that fiction would turn into fact before long—it always had and it did. Before long, too, the newcomer talked the same way and time proved him right.

There were always many old-timers in the barbershop. Most of the leading business men were old-timers. Like the tie-layer, they had come West as young fellows with the building of the first railroad in the early eighties. They were the men who had reared the city on the site of the old trading post though few of them were yet fifty, and it was their pride. It stands today as their monument.

There was also a more venerable, much earlier class of pioneer who had been in the country since before the first rebellion of 1870 and, indeed, a few who went back to the forties. They were Indian traders, voyageurs, Hudson's Bay Company men, etc., and, notably, some of the leading clergy of all denominations who had been missionaries to the Indians in their young days.

You would see an archbishop having his beard trimmed in the next chair to a factor of the same vintage down from the Far North, the two conversing in terms of Crees, furs and dog-trains, all of which his lordship knew as well as his friend.

In that very barbershop, another bishop told me he had once covered sixty miles on snow-shoes in one day, and a waiting customer with a beard like Moses said that he was the man who built the last six-fathom canoe that Sir George Simpson ever used—and *he* died in 1860. Despite their years, these men also were moving with the times.

The influx of the newcomer was naturally much ahead of facilities to house him but nearly everybody had a third floor back to rent to the bank junior. He soon made himself comfortable except that meals were seldom available at the same house. In the local idiom, he "ate out" or—if you prefer it—"lunched around". This meant that he had an inadequate breakfast of tea and toast at a doubtful Greek restaurant—cost fifteen cents or, if with jam, twenty cents. He had a sandwich sent in to the bank for luncheon—cost ten cents.

Before dinner he adjourned to the Nugget for beer—ten cents per glass or three for twenty-five cents, if served at one time. The system was for three to go together, each to treat both the others. Each one thus got the advantage of the quantity price but had to drink three beers to get it, whether thirsty or not.

It was then time to go to Harvey Latham's boarding-house. He was hungry.

(III)

*"Since Eve ate apples
Much depends on dinner"*

The above Byronic dictum, often quoted by that rare character, Harvey Latham, explains as nothing else could the existence of his extraordinary eating establishment, much patronized by the younger bankers of that time. Going there for dinner, dinner was what they got and the price was thirty cents cash or twenty meals for five dollars, payable in advance and "keep the money in sight". There was no credit.

Harvey, another old-timer, had arrived at this enterprise by a picturesque route and to a calling usually considered dull he brought a rich colour gathered on the way. A farm boy in Scarboro Township near Toronto, he had run away from home with a circus and after an apprenticeship as valet to the elephant, salesman of pink lemonade, etc., had risen to be a professional foot-racer, a dubious appendage which every circus then had. The game was to take on all comers for the hundred yards on the morning of circus day and, when surprisingly beaten a whisker by the young local champion, to simulate chagrin and offer bets for a return match in the afternoon. Then he would nose out his former conqueror, collect the dough from the subsidized stake-holder, and move on with the circus to the next stand, for he was both a ten-second sprinter and a sound operator of this classic humbug.

Later a cook in railway-construction and lumber camps, a dining-car conductor, and for a time manager of a hotel, (a smart one for that period), he combined a sound knowledge of good food at a reasonable price, a ripe acquaintance with human nature and a

robust humour. He was a versatile man of the world, equal to any calls upon him. He would sell you a diamond ring or buy your stamp collection; he would make you a moderate bet on a hockey game or the eight-oared rowing championship—but not on a horse-race—and he could tell you whether Bob Fitzsimmons could have beaten John L. Sullivan. If you were in the humour he would insure you against rain and he knew the latest stories before the ink was dry.

His repertoire was much broader than that. He seemed to have read nearly everything at one time or other and especially could he quote you aptly from the works of Byron with which he had an unbelievable familiarity—hence the examples offered herein. Should the guests feel the urge for music, as sometimes happened, he could sit at the rattlebox of a piano and fake an accompaniment at least as good as the singing. In addition to these talents, he had a manner to match your every mood; if your preference was for quiet dignity, Harvey was Lord Chesterfield, but if your next chair neighbour shared the more general liking for barnyard joviality, he was accommodated.

Harvey's everyday style, keyed to the taste of the majority, was reminiscent of his early circus life and he sometimes entertained the guests with gay anecdotes of those charlatan days. Indeed, the boarding-house itself was something of a one-ring circus or, rather, a burlesque but there was no humbug about the food he served and, if his sales methods were startling to the newcomer, his prices were right and there were sixteen ounces in every pound he sold. Many an old banker habitué of that unique hostelry will testify to this should he chance to see these lines.

Summer and winter, the dinner show went something like this:

SCENE—A dining-room furnished with two long pine tables and chairs for about twenty-four—simple but neat and scrupulously clean. The floor is covered with oilcloth and an old-fashioned square piano stands in one corner. An open door leads to the kitchen.

Two young men, the first guests to arrive, are "discovered" (as stage directions put it) in chairs nearest the kitchen door from which come voices of a man and a woman (HARVEY and his wife who is cook and carver).

FIRST GUEST What ho without there!

Enter HARVEY dressed as a waiter. A long white apron covers all his clothing except his shirt-sleeves. He carries a glass water-jug in one hand and a pipe, empty and upside-down, is between his teeth. He is about forty years old, tall, very thin and wears a moustache like Simon Legree.

HARVEY Well, I guess the curtain is up. Soup?

FIRST GUEST What kind of soup?

HARVEY Consomme and vegetable.

SECOND GUEST Any vegetables in it?

HARVEY Who ever heard of vegetables in vegetable soup? The vegetable man just drove by the kitchen window.

FIRST GUEST No soup.

SECOND GUEST Bring 'em both in.

Enter THIRD GUEST with STRANGER.

THIRD GUEST Harvey—this is Mr. Higgins.

(Winks at HARVEY).

HARVEY Pleased to meet you, Mr. Higgins. Hope you've got some sense—not like the outfit you're travelling with.

Soup is offered and declined.

HARVEY Roast beef, kidney stew, cold lamb, cold ham and steak.

THIRD GUEST Steak, please, and kidney stew on the side. Tell them in the kitchen it is for me and say that I am feeling a little low and would like special attention—send in the telephone and ask the orchestra to play. "The Best in the House is None Too Good for Reilly."

HARVEY Yes, Sir, Yes, indeed.

(with elaborate courtesy)

STRANGER Er—steak, please—rare, if you please, and kidney stew on the side.

HARVEY I knew damn well you'd say steak but you've got a hell of a big appetite for such a little voice.

Exit to kitchen.

(Collapse of STRANGER and loud laughter from THIRD GUEST).

Enter group of other diners—find seats—call for food.

FOURTH GUEST At your convenience, Harvey, please.

HARVEY I'll be with you in one moment, Mr. Raymond, when I finish with Miller. It's half the battle when Miller's waited on. Have some more butter, Miller, you've only got four pieces.

THIRD GUEST Potatoes, please, Harvey.

HARVEY It does me good to see you eat potatoes. There used to be a fellow at the old Occidental—whenever he served himself to potatoes the people in the dining-room would lay down their knives and forks to look at him. But he was a piker to you.

Enter more guests—oarsmen from the Rowing Club.

FIRST OARSMAN . . . Food, Harvey, for these weary travellers. They have come from afar and hunger.

HARVEY I'll say they're weary—they look it. That crew couldn't pull a clucking hen off its nest. They'll come here to Latham's and train on the best in the land but here's a dollar to say they don't win a damn thing at the National Regatta.

SECOND OARSMAN . . I'll cover the buck. What yuh got?

HARVEY Roast beef, kidney stew, cold 1—

SECOND OARSMAN . . Roast beef, kid on the side.

HARVEY Not the way the roads are.

ALL OARSMAN Roast beef and kid.

HARVEY I'd be money in pocket if I boarded the whole shell crew outside and paid the bill—"But more of this anon."

(Exit to kitchen as guests continue dining).

The second scene deals with the serving of the pastry, of which there was always a wide variety. The all-in price of the table d'hôte included one portion only but so good was the confectionery that many diners usually desired a second. If so, they had to pay five cents for it. Mrs. Latham, the cook, was famous for all forms of pastry but reached her highest creative genius in her deep-apple pie which with raspberry were the favourites and often chosen together. Other fascinating combinations were possible and even a double slice of the same species was not unknown, but with more conservative epicures those mentioned were standard.

The demand being always heavy with many cash sales in prospect, time was now important so for the sweets course Harvey would abandon all attempt at individual attention and make one general announcement in sharp, staccato monosyllables:

HARVEY Ap, ras, rais, lem and punk.

(Here I translate—Apple, raspberry, raisin, lemon and pumpkin).

GUESTS Once on the lem—Punk—Ap and ras—Once again ap and ras.

HARVEY How many for ap and ras and come up with the collateral!

GUESTS Here! Here! Here! etc.

HARVEY You'd all better get your nickels lined along and then there will be no delays. What about you, Sammy?

- SAMMY Ap and ras.
(A Guest)
- HARVEY Money talks.
- SAMMY Mere vulgar pelf. Roll you—ten or nothing.
- GUESTS Bring out the bones, Harvey—the bones.
(applauding in ensemble)
- HARVEY produces a pair of dice and throws with SAMMY.*
- GUESTS Ten is Sammy's point—Big Dick—A nickel
(now standing to watch the game) he makes it—Oh! bones—A five he throws—
 Only halfway, bones—Come a ten—Stick the
 house, Sammy—Keep in there throwing, old
 kid—A nine—Now, bones—A TEN—He
 makes it.
(Roar of applause as HARVEY loses).
- HARVEY "And if I laugh at any mortal thing
(grinning like a satyr) 'Tis that I may not weep."
 Anybody else?—Ten cents or nothing for the
 deep ap.
- GUESTS Bring on the bones—you're faded, etc., etc.
(in ensemble)
- The dicing becomes general with wins and losses about equal. Loud applause when HARVEY is beaten—sardonic laughter from him when he wins. Dinner finishes and general exit of guests begins. HARVEY is now sitting at a table, his pipe upright and lighted. He is punching the commutation tickets as the guests depart.*
- LAST GUEST Good night, Harvey.
- HARVEY Good night, Morgan—"Such partings break
 the heart."

Exeunt.

Some fine evening Harvey's initial entrance would be unusually dramatic and, as he filled a glass with a flourish of the water jug, he might declaim: "Fill high the bowl with Samian wine". That was a bad sign. There would probably be no performance the next night. Twice a year he would depart for his morning marketing and wake up four days later in Vancouver, Quebec or Memphis, Tennessee—anywhere far-off where trains ran. He never knew until then that he had gone so could not explain why he went, but the Demon Rum and the old wanderlust had attacked him while his back was turned.

"The thorns which I have reap'd," he would say, "are of the tree I planted; they have torn me and I weep."

The house would be closed in his absence and reopen the same as ever the day he returned. The bones would be rolling the first

night. The prodigal was treated as though he had never been away.

Thus did the bank junior dine in Winnipeg in the year 1904. The absurdities of that outrageous house wore a little thin sometimes and certainly it was no place for the sensitive soul but the clientele was tough and young and concentrated youth can stand anything. Life was casual and free at Harvey's and many friendships formed there continue to this day. And at whatever table the banker sits tonight, will he be dining any better or can any distinction gained in the long interval outshine the renown that once was his as a member of the now extinct order of "Harvey's Wolves"?

(IV)

*"It is a goodly sight to see
What Heaven has done for this delicious land"*

Looking back at them now, those Winnipeg years seem, as they did then, an absorbing adventure with something happening all the time. Youth brings a fresh, eager eye to bear on a new scene, and turns it over to look on the other side. The contrast to the Eastern Provinces was very striking but all the more interesting for that reason. For instance, the city had no great lake at its front door, but two substantial rivers ran through it—one of them really amounting to something.

One Sunday during my first month I was pressed into a party from Latham's boarding-house that went for miles up the valley of the Red on snow-shoes, sticking to the frozen stream most of the time with occasional shortcuts across the big bends. It was thirty below zero with brilliant sunshine and not a stir of wind. The ice was covered with two feet of new dry snow as fine as flour and I can still sense the luxurious feel of it under the hinge of the toes, and see our trail breaking the sparkling fresh surface for half a mile behind, with strange shades of purple overlying the white among the trees. As the sun got lower, long parallel shadows of the bare pine near the shore crept out into the river; we lit a fire in a sheltered spot somewhere up near St. Norbert, ate Harvey's sandwiches and for some unknown reason came back to town by train. I could have gone on forever.

Another time, there being no snow but a stiff frost following a thaw, some adventurous spirit organized a crew to explore the little Seine on skates and we followed up the course of that tortuous brook for as far as there was light to see—commonplace enough perhaps, but not when you have never done it before.

For politer, more formal, outdoor skating a cleared space on the Assiniboine, near the Osborne bridge, was the place—may still be. There was always on hand a dismal, semi-frozen three-piece brass band struggling with "The Blue Danube" while the skaters described a decorous, counter-clockwise circle and the newly arrived Englishman with his new Canadian girl on his arm tried his new blades for the first time. He soon learned, though.

The long winter gave way suddenly to spring. The accumulation of snow in the streets turned to slush ankle-deep and water gathered on the surface of the frozen river which gradually lost its grip on the bank. Then a few days of warm sun and something broke—the ice shove was on. The whole town gathered on the bridge to watch the yellow flood racing downstream as though it were really going somewhere, bearing along great rafts of ice, breaking them into smaller units against the piers and heaving huge pieces ashore.

Presently, the river was clear and old Cap was varnishing the working boats on the float at the Rowing Club. The green crews were picked—and then every day for an hour before dinner all spring and summer—pulling a sweep like a galley-slave—"Get your hands away fast and slide slow"—upstream against the current, back with it to the boathouse—a bare back in the hot sun and a hard-hearted stroke who is feeling strong. But he turned out the oarsmen and they certainly punished the food at Harvey's.

Sunday was oarsmen's holiday when you went upstream with the canoemen by train and let the current bring you down, sitting on the floor with a steering paddle under one arm, the *Sunday Times* in front of you and if not in serious training maybe a couple of bottles of beer cooling overside at the end of the painter.

Many since LaVérendrye have discovered the Red River.

Compared to the East, the surrounding country was flat instead of hilly and, except for the river valleys, seemed bare of trees after the elms, maples and thick pines of Ontario. But you could stand on the edge of the city and see clear to an unobstructed horizon across "the gardens of the desert, . . . boundless and beautiful, for which the speech of England has no name—the prairies."

To be sure, there was not much besides snow and space to be seen on the open prairies in winter—except a tall elevator or two on the outer edge of the circle. But in the spring you could watch the whole seeded surface turning green and in summer if you were interested you could note the swift play of light and shade as the wind stirred the golden wheat in the sunshine; the sunsets have been highly praised by better authorities than this writer.

There was plenty of activity in the early autumn when the crop was coming off and the threshing started and it was very pleasant driving in a buckboard on the trails skirting the river when everything in the scrubby bush was turning a russet colour.

The nights began to cool about Labour Day and the boys to think about the duckshooting; the birds from farther North were already arriving at the shallow lakes and sloughs of Southern Manitoba near the Turtle Hills. Mid-September would find you on holiday, staying at a friendly farmer's and getting out before dawn to be ready for the morning flight; you could see your breath in the misty dark and the cold steel of the gun barrel chilled your fingers. The shore was fringed with marsh a mile wide all round and you walked in waders up to your knees, towing and poling your punt to deeper water among the reeds twice as high as a man, with open pools here and there.

The reeds were natural hides for the punt, and a few decoys thrown out in the pool attracted the outward bound birds; they dipped slightly towards the surface as they came over. And how they did come! Mallards, widgeon, pintails and teal—especially the teal, small and fast as lightning. Out in the early morning, back in the afternoon and evening, ones and twos and fours and flocks—thousands of ducks and most of them wise enough to stay beyond gunshot but the best shooting in the world, whether you hit them or not, and the finest sight.

One or two days at the prairie chicken wound up the shoot. The wheat being cut and the threshing going on, the birds would be feeding on the stubble until the last day of September or sometimes, as tame as barnyard hens, waddling along the road beside your horse as you drove by.

The first boom of a legal gun on October first changed all that—in a split second they were as wild and wise as the ducks and took to the bluffs where they had to be hunted, stealing out to the stubble again an hour before dark. Stretched in a line across the field about gunshot apart, the homecoming hunters would work down the furrows in the cool dusk—a whirr of wings, a dark, round object rising about sixty feet ahead of you—a flash and a bang, and if lucky, you had another prairie chicken to top off as fine a day as you will ever know.

These superb October days passed rapidly. Without warning an icy west wind would sweep down Portage Avenue some fine night and winter would be there when you got up in the morning. Before you knew it, hockey started again and you were joining in the roar

of the Auditorium crowd when the Rat Portage Thistles were in town and the one and only Tom Philips came thundering like a troop of cavalry down the left wing—or was it the right? No matter, the Ty Cobb of hockey could do anything with a stick and a puck in any position.

You had completed your first year in Winnipeg and nearly forgotten you had ever been anywhere else.

(V)

*"Both were young
And one was beautiful"*

Across the hall in my rooming-house was another lately arrived patron of Harvey's, a depressed young man called Horace who did not like Winnipeg. He did not like the irregular shape of the city, the climate, his room, his landlady, the high price of beer, his job, or the way the laundry washed his shirts. He disliked the rivers because they were not lakes and the prairies because they were not mountains; the moon alone escaped criticism, being about the same as our moon back East. He did not like Harvey who did not care much for him either, and they parted because Horace did not like the lamb stew.

Said Harvey at their leavetaking:

"Then farewell, Horace, whom I hated so
Not for thy faults but mine"

which was remembered long afterwards as one of his best mots—generous but devastating.

The only liking Horace had was for a girl called Bernice whom he had left fifteen hundred miles away and she was the reason he disliked everything else.

All of his waking thoughts, as they say, were of her and when not speaking of his hatreds, he would rhapsodize to me about the extraordinary perfections of Bernice as we shaved in the morning or undressed for bed.

Day after day of this makes rather dull hearing for a stranger, were the lady Lillian Russell herself, but from Horace's account Bernice must have been "some baby" though that descriptive term was, of course, unknown then.

One evening, some excellent people—relatives of Bernice's—took pity on the misanthrope and invited him to a dance. They little knew what they were starting.

Horace was less gloomy on his return, having had a blissful time at the dance. He had two-stepped with a new girl. She was the sympathetic kind and asked him to her house the next night to talk about Bernice whom she said she had known at an Eastern school. When he came home this time he talked only about the sympathetic girl and not of Bernice at all. He never mentioned her name again. Winnipeg, he discovered, was a "town of towns" and he made his peace with Harvey.

The new girl was a "peacherino", he said, and took me to see for myself on Sunday. She certainly was. There were four other young bankers present who all seemed to think so too. Horace only held fifth position and, I believe, would have stuck a knife into any or all of the other four to gain advancement.

There were other young women there, too, but they did not count for much. True, they were stars but "one star differeth from another star in glory" and these were of the second magnitude.

Supper was in preparation and various tasks were allotted to each man, such as setting the table, carving the ham, making the toast, etc. There was really not enough work for six but all were eager to fetch and carry for the peacherino. It seemed the normal life.

The peacherino, an orphan, lived with her grandmother, called "Gram", who inhabited the kitchen, making the coffee and taking an occasional peek through the dining-room door to see that nobody was smoking a wicked cigarette—she would have swooned at the thought of alcohol in her house. But she was a golden-hearted woman and fed many a homeless, embryonic banker on Sunday nights. She kept a close eye on the peacherino—or thought she did. She was of the time and school when "a nice girl" did not dance more than once with the same young man in an evening; otherwise she got herself "talked about". People said such a girl was "bold". This rule was no hardship, however, to the peacherino who always had more partners than dances, most of which she allotted by telephone two weeks ahead, retaining a few for "eventualities".

The six male guests, it turned out, were all eventualities as applying to the coming Charity Ball, but the peacherino announced that she had only five vacancies on her card. It was an agitating moment for all except the peacherino, who smiled a superb, sympathetic smile and said something was sure to "turn up". It did. The bank moved Horace away from Winnipeg within a week and I moved from sixth position to fifth, which I retained for as long as I was there. This entitled me to one dance per ball, a place in the Sunday

free-for-all, and a solo call every second Thursday when the peacherino played the tragic music of the new *Madame Butterfly* and served me a cup of cocoa. There were times when further promotion seemed almost within grasp but something else always turned up in the form of another man newly arrived from the East. I never quite made even the semi-finals before I, too, departed for other fields and I never saw the peacherino again except as hereinafter related.

This situation was typical of the period and particularly of the West, which was growing very fast. New railway lines were spreading across the prairies like a cobweb and the banks were establishing in the new towns. Young bachelor bankers were transferred from the East in shoals and, after a short time at the Winnipeg headquarters, bade a sad farewell to the peacherino and moved on with her blessing, a peck on their right cheeks, and a memory of the deadliest, sympathetic blue eyes they would see in a lifetime.

A bank man's "love-life"—if that modern term be permitted here—included:

A—the girl from the branch or town he had most recently left. Her photograph was on the bureau, signed "Ever yours, Bernice", or Alice or Geraldine as the case might be;

B—the peacherino (or equivalent);

C—the girl in the prairie town he was going to next month. A letter of introduction to her was in his pocket.

By the time he was on his way, recollections of A had faded and her photograph had fallen behind the dresser—undetected. B had reached her peak and he was getting curious to know what C looked like.

Not that it mattered to A, B or C because the Canadian banking system in its wisdom always sent consolation. Weeping, ladies, may endure for a night but joy cometh in the morning when the new teller arrives on the 8.35.

This scribe knows a banker who was ordered to Calgary many years ago but was taken off the train and, instead, sent to fill an emergency in Halifax where he met and eventually married the dark-eyed charmer who told us something of her romance over the bridge-table recently.

"I met Marmaduke," she said, "at Aunt Dora's tea the very first week he arrived. He never looked at another girl and asked me to go canoeing on the Northwest Arm that Saturday. It was by divine inspiration that the bank moved him to Halifax."

Perhaps, dear madame, but not likely. It was a bad case of Halifax mumps that caused a last minute change in Marmaduke's destination and settled your destiny. Otherwise, he would be married to a Calgary wife at this moment and you would be pouring the coffee every morning for the manager of another bank — in Westmount, let us say—and marvelling that Heaven should be so kind.

However, let it go—the banks have been called many worse names than Cupid and any banker that has you is lucky. But you are not the peacherino.

When Another Lady was preparing last summer for my departure to Winnipeg—the second in forty years—she discovered in a long disused trunk a dusty photograph of a fair girl with the face of an angel. She held it enquiringly before my guilty eyes. It was the peacherino!—and she looked exactly that!

I then recited some of the incoherences set down here while the Lady examined the portrait with scrutiny and interest, finally agreeing that, with due allowance for masculine fatuity, the peacherino was not miscalled, nor could her technique have been too bad for those days.

(VI)

*"The dearest remembrance
Will still be the last"*

The railway entrance to Winnipeg looked about as I remembered it. The old Red River was still rolling along under the Point Douglas bridge and, walking down Main Street just as I had in January 1904, there was strangely little visible difference. The old wooden shopfronts in the station area seemed familiar—even some of the old names. Further south and west, the metropolitan character of the city came into view, but many of the greater developments had come during my own time, long prior to the Great War and, aside from additions here and there, most things appeared the same but, of course, this was a superficial impression as the town was three times the old size.

A military parade was in progress—sons of the men of 1914 who had dropped their hockey sticks and oars and made a grand record in a stiffer game. This lot looked just like them; the only difference was that the daughters were marching, too, and better than their brothers.

Old friends were hospitality itself and it was "Well, well, well, where the Hell yuh been lately? I hear yuh got a football team

down there yuh think can take the Bombers this autumn. Any time yuh got a coupla bucks to bet—etc. etc. etc.—Suppose I get hold of a coupla guys and we all slip out to St. Charles for golf this afternoon?” They were the same good fellows, plus about ten inches around the waist and a disposition to overplay the Blackwood Convention.

Harvey's was gone, of course—I could not even find the old place. “Where be your jibes now?” Buried, with poor Yorick, long ago.

But I found the peacherino—by telephone—at the same old house. She was making strawberry jam and bade me come up and help her. She had married while still very young, somebody none of the old retinue ever even saw—“a dark horse” if her husband in Heaven will forgive the term. But he was a good one and is buried at Hill 60. Their son is at sea on a destroyer at the present writing and their granddaughter, in WREN uniform, stood beside the stout woman with a cigarette in her mouth and three chins under it who opened the door to my ring. Her smile brought three creases almost to her ears but it was the smile of the peacherino.

“You old piece of cheese,” she exclaimed, and delivered the only smack she ever gave me.

“Go it light, Gram,” said the WREN and led the way into the kitchen where two pilot officers, divested of their tunics, sat at the table hulling strawberries. The granddaughter was apparently carrying on the family tradition. She was a good-looking youngster, too, if not the equal of her grandmother.

The peacherino, it appeared, spent most of her time cooking in the big canteen, with Red Cross work on the side. This was a free day for her and the WREN was just starting a short leave—hence the strawberry jam—and if we all pitched in we could get the job done in the afternoon, rustle up some dinner and go down to the dance at the hotel afterwards. In the meantime, what would I say to a snort of Seagram's 83? So we all had one in the kitchen of the peacherino's grandmother and this was the greatest change I had yet seen in the Winnipeg of forty years ago. But it was an agreeable change and we had another between bacon and eggs and leaving for the hotel in a taxi.

The orchestra broke into the familiar “Either Too Old or Too Young” as we arrived and the peacherino allowed that the music was a signal for another rye.

“Don't get stinko, Gram—leave one for us,” warned the granddaughter and melted into the dancing crowd with one of the pilot

officers. Never in forty years could the peacherino so perfectly have looked the part as then. Smiling her three-crease smile, she winked at me and fumbled in her handbag for a "mickey".

"The modern granddaughter," she observed. "Oh, well, I suppose I'm the modern grandmother. I wonder what mine would say if she could see me now?"

We touched glasses and sat, sipping the contents of the "mickey" as we watched the dancers and gossiped of old, old-fashioned times until my train was due.

"Dance on the lawn, young folks, whilst the elders talk in the shade! What? The night is falling: we have talked long enough over our wine, and it is time to go home. Good night, Good night, friends, old and young! The night must fall: the stories must end: and the best friends must part."



*The Chilkoot Pass 1898**

...THE ALASKA

BY ALLAN MCKENZIE

SINCE the dawn of civilization the two most potent forces responsible for the development of inaccessible regions have been the lure of gold and the threat of war. No matter how forbidding and impenetrable a country may be, men seem to reach supreme heights of daring and endurance when attracted by the magnet of gold or rowelled by the spur of war.

By a freakish turn of the wheel of chance it happens that within one lifetime the Territory of Alaska has twice challenged the ingenuity and hardihood of man: first in 1898 by appealing to his acquisitive instincts, and next in 1941 by arousing his fears of a ruthless enemy.

*To render the climb to the summit possible over 1,200 steps were cut into the icy slope.



Convoy on the Alaska Highway 1944

HIGHWAY *Old and New*

June 1897 saw the beginning of one of the maddest gold rushes in history. The newspapers of the day served up the strike in sensational style and within a few weeks men from all over the world succumbed to the fever, throwing up assured positions and mortgaging what property they possessed to raise sufficient for a grubstake.

With commendable efficiency and foresight the Canadian government had prepared a code of mining laws for the new district which was entirely within Canadian territory. Numerous government officials and a special detachment of the North West Mounted Police were despatched in time to handle the rush.*

The Canadian banks were equally prompt as two of the larger institutions made special arrangements to meet the novel and difficult situation. Picked men of sound physique and matured experi-

*The North West Mounted Police created 1873. Name changed to Royal North West Mounted Police in 1904 and to Royal Canadian Mounted Police in 1920.

ence were put through an intensive course of training—one in assaying at the sub-treasury in New York, a second under a commercial chemist in Boston, and a third at the School of Practical Science in Toronto.

On April 26, 1898, the first contingent from The Canadian Bank of Commerce left Victoria, B.C., for Skagway. Arrangements were made for freighting supplies through the White Pass, the chain of lakes, Bennett, Tagish, Marsh and Laberge, and down the Lewes and Yukon rivers to Dawson City.⁽¹⁾ The White Pass was selected by the first expedition owing to the fact that an avalanche had just taken the lives of sixty persons attempting the Chilkoot Pass. There was little to choose, however, between either Pass.

THE WORST TRAIL THIS SIDE OF HELL

The approach to the Chilkoot was through the boulder-strewn gulches and canyon of the Dyea River, over a treacherous glacial moraine finishing with the 1200 foot ridge which reared its head well above the timber line. From the starting point at tidewater to this height of land involved a heart-breaking journey of fourteen miles, often with a rise of forty-two degrees extending a third of a mile. From dawn to dusk a never-ending procession of weary cheechakos⁽²⁾ toiled up the slippery slopes carrying packs of about sixty pounds and moving ahead at the rate of half a mile an hour. Had there been any members of the motley crew of adventurers familiar with Dante's *Vision of Hell* the appropriateness of certain lines in the first canto must have struck them with particular force:

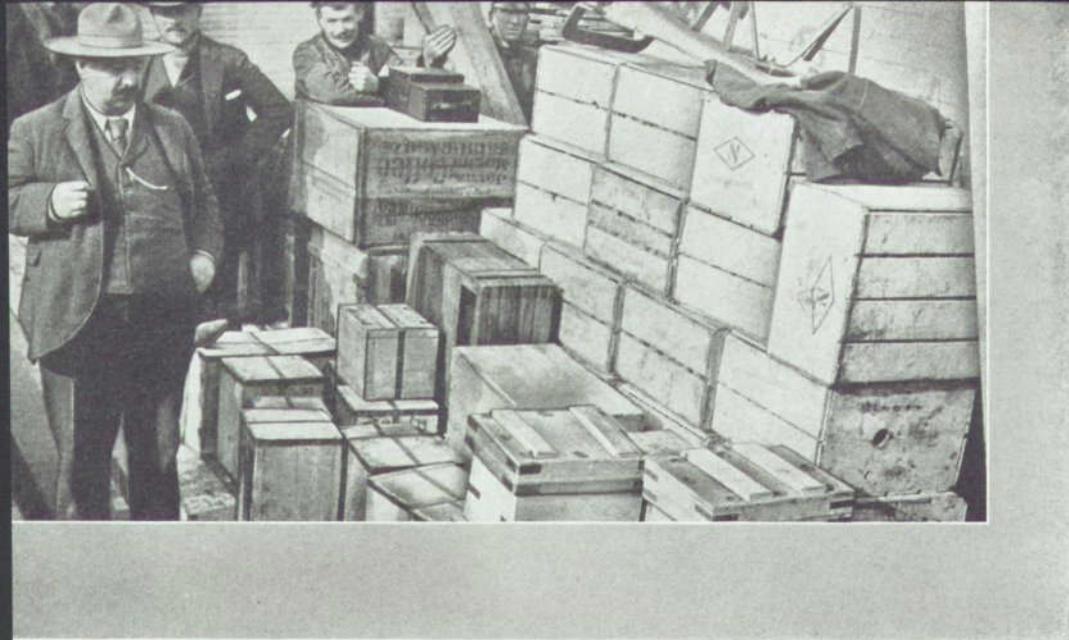
*"But when a mountain foot I reached, where closed
The valley that had pierced my heart with dread,
I looked aloft and saw his shoulders broad
Already vested with the bright sun's beams,
Who leads all wanderers safe through every way."*

1 Originally Dawson City. Later officially became Dawson.

2 Cheechako—commonly applied in the North to a newcomer, analogous to the old Western frontier term "tenderfoot".

Transport—Primitive but efficient





*Gold cargo—1898**

But those who thought their tribulations behind them were due for a rude awakening. The road they had travelled was littered with dead horses and wrecked equipment affording gruesome reminders of the hazardous nature of the trail. This proved, however, to be only the initiation to a gruelling grind of 650 miles, through as wild a country as any on earth with white-water cataracts swirling between deeply scarred cliffs. The seething rapids, Whitehorse and Five Fingers, engulfed many an outfit and strewed the shore lines with battered bodies and broken equipment. In some stretches men scrambled over rocks with lacerated feet while straining at the tump-line until their endurance reached the breaking point; in others they crept fearfully forward on dangerously thin ice or pushed through waters blocked with mush ice. When the going became too heavy sleds were used to haul canoes over the rotten ice, trusting to luck that it would support the load. To reach open, quiet water deep enough for paddling was luxury, but these breathing spells came all too seldom. Sometimes the canoes had to be unloaded and the kit packed ashore while the canoes were pushed ahead by main force, the crew sinking into the icy but muddy river bed. And so it went weary mile by mile with the dogged voyageurs almost ready to give up at the end of each day, but still they carried on, mushing over slippery trails, paddling, portaging, hauling at the tump-line, and dragging sleds.

*The gold dust was melted down into bricks and packed in strong wooden boxes, clamped and banded with iron, and with the screws countersunk and sealed. In the following year boxes built of steel and specially designed for carrying gold shipments were brought into use.

*"Cheechako" bankers of gold
rush days*



For the most part progress was at a snail's pace; at short intervals the speed was breath-taking when the hardy adventurers shot rapids running like a mill-race, often scraping saw-toothed boulders hidden by the foaming waters of the cataracts. That was the trail of '98 and the wonder is that so many succeeded in reaching Dawson City at all.

Many lives were lost in the Yukon stampede and thousands returned broken in health and poorer in fortune, but the buried wealth of this remote Territory was put to commercial use. Actually in the first twenty years of the boom the value of gold exported exceeded one hundred and twenty million dollars. But the deeper core of significance in this epic of human courage and doggedness lies in the fact that the obstacles presented by a merciless climate and forbidding terrain were broken down by the resourcefulness of man. Those hardy trail-breakers had achieved a noble thing, narrow enough perhaps in its accomplishment, but mighty in its implications of invincible purpose.

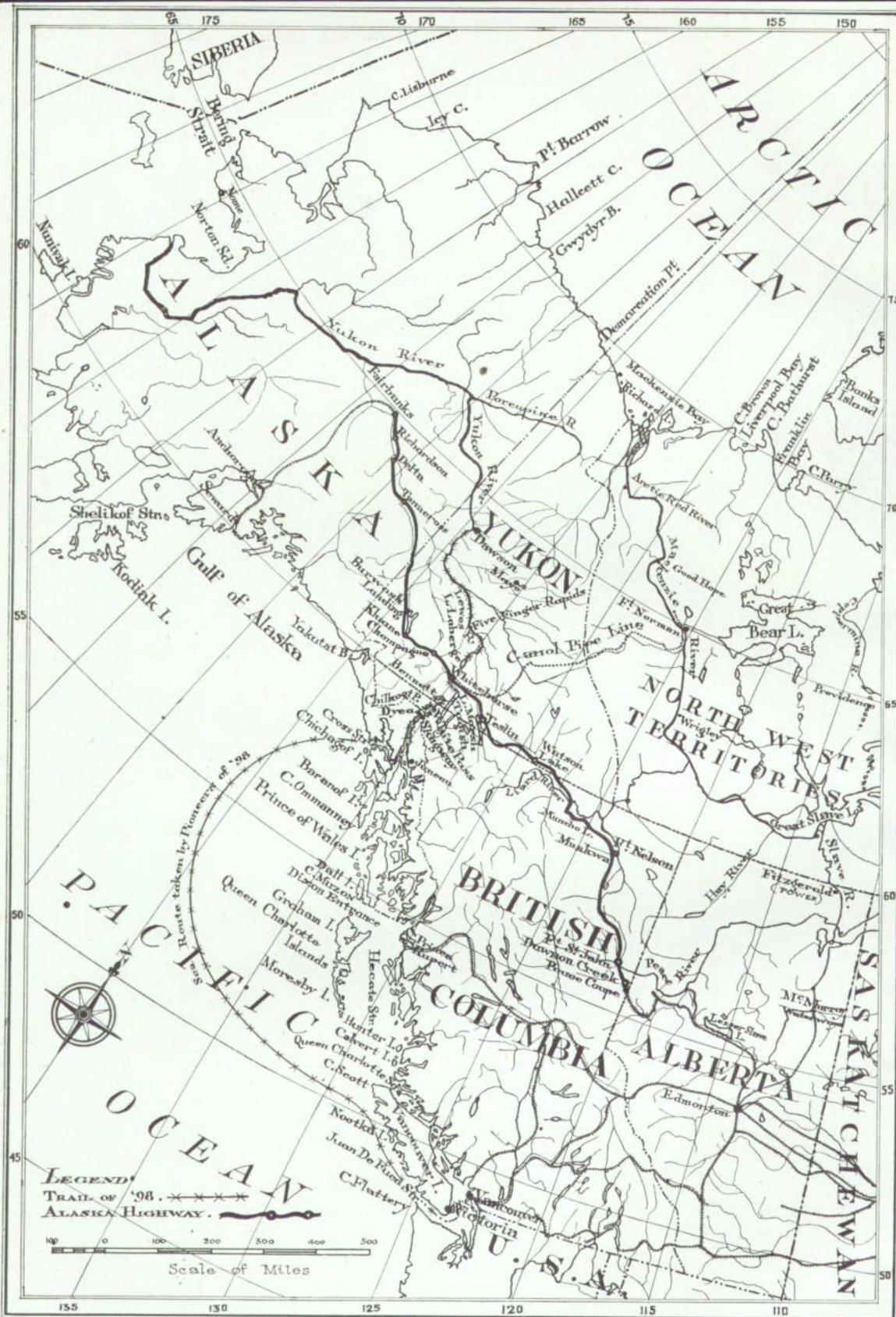
Within a year after the first rush full exploitation had been rendered possible by the introduction of modern methods. By 1899 specially built steamboats were plying on the lakes and rivers, tram-car transportation was provided on several of the worst portages where previously man-power had been used, and a narrow gauge railway from Lake Bennett to Skagway had eliminated the

*Their modern successors at
Fort St. John*



agonies of the Chilkoot pass. Man had unlocked the doors barred by physical geography.

The harrowing experiences of the Yukon rush have long passed into history. It is a fascinating story, dramatic, humorous, and tragic. The paths worn by the feet of those thousands of human pack animals have long since been obliterated. At most of the old stopping places only a few abandoned log cabins or an occasional round of rotting timbers remain as forlorn sign-posts on this *via dolorosa*. The main interest in reviving these tales at this time lies in drawing parallels between that almost forgotten adventure and the recent triumphs of the Alaska Highway—just another intriguing example of history repeating itself although the impelling motives were vastly different. In the first instance the magnetic attraction of gold drew an army of resolute adventurers, onward ever onward, like a will-o'-the-wisp. Forty-three years later the American people were driven to divert their ponderous industrial strength into war-making channels by the menacing possibility that hordes of fanatical savages might spill over the North American continent leaving a trail of murder, rapine and destruction in their wake. Thus there sprang into being the conception and execution of a strategic military highway into this apparently impenetrable isolation.



Map by Alexander G. MacRae, M.R.A.I.C.

THE ROAD THE NEIGHBOURS BUILT

On the seventh of December 1941 the Japanese struck their treacherous blow at Pearl Harbor. A peace-loving nation had patiently tried to maintain a basis of honourable compromise and now all major domestic disputes and isolationist indifferences were dissolved. The free spirit of a great people was released overnight as the foundations of their ivory tower began to crack. Their physical resources were enormous, but once aroused their moral power was infinitely greater. The nation that had invented the assembly line and had startled the world by the volume and efficiency of its mass production was now united in purpose as it swung into action on all fronts with a grim and concentrated fury that boded ill for the savage and amoral aggressor.

Early in the war the United States authorities realized that Alaska presented an immediate threat of invasion and an ultimate bridge-head for offensive operations. For years this remote corner of the continent had withdrawn behind its majestic barriers. Once before men had accepted its challenge but this time the problem was vastly different. The gold rush was merely a heterogeneous mass of undisciplined humanity drawn from every corner of the earth and compelled to share each other's burdens until the end of the 650-mile trail was reached. After that they scattered up and down the gold-bearing creeks each intent on the highly individualistic labour of placer mining.

This time a great army was on the march. Provision had to be made for moving huge quantities of heavy equipment and for feeding and housing a large body of men for at least a year. This was accomplished by effecting an orderly concentration of the most modern machines for this type of work and by employing operators skilled in their use. On March 9, 1942, long troop trains with strings of flat cars loaded with modern road-building machinery began to arrive at Dawson Creek in temperatures around 40 degrees below zero. Miles and miles of corduroy went down in record time over treacherous muskegs. When a sudden Chinook endangered the crossing on the ice of the Peace River, planking was laid and sawdust spread on the ice to ensure greater safety. The army to a man, many of them fresh from city life and southern climes, fought without sleep, with uncertain rations in the bitter cold, and won.

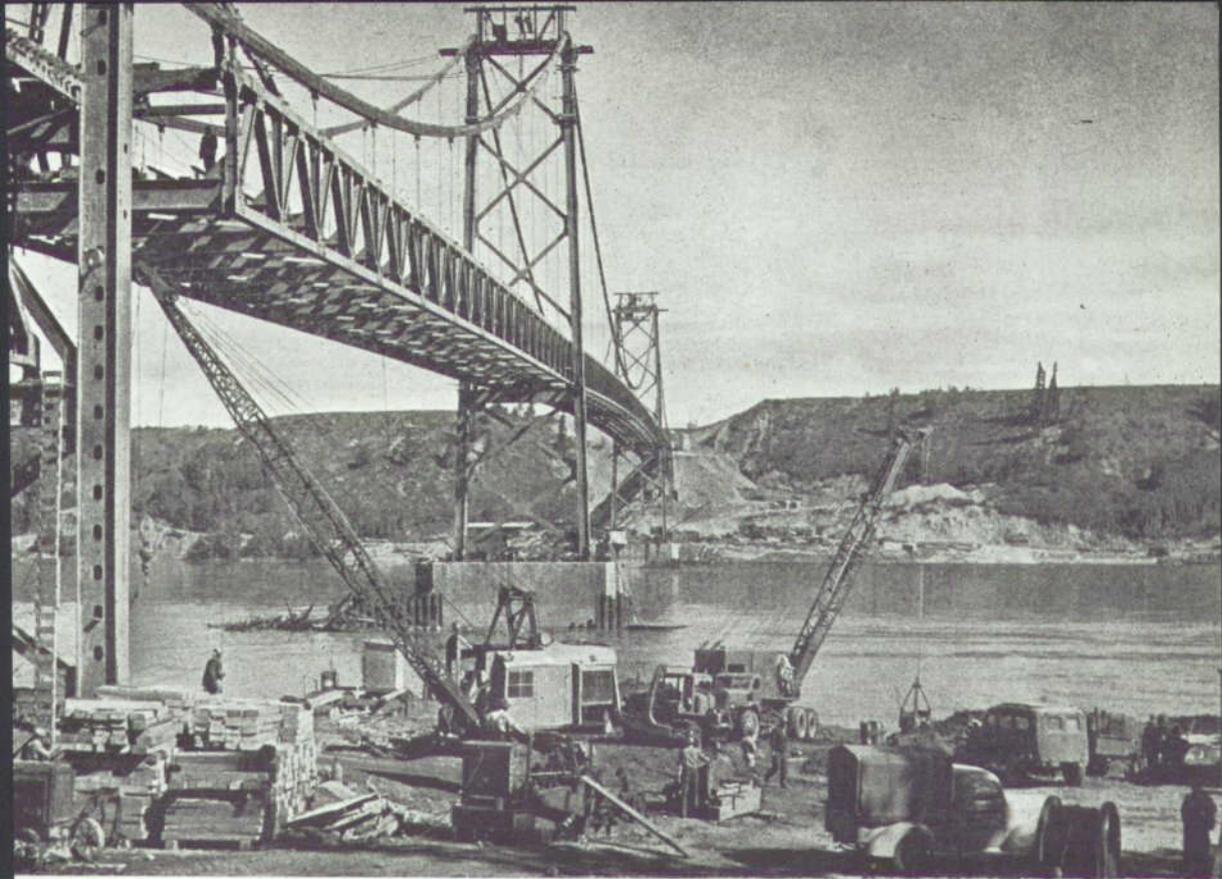
During the first rush the army bridged some 200 streams with temporary structures, many of them having to be built more than once before the permanent bridges were completed. For the North is a country of strange waters where many of the rivers have

glaciers for beds and glaciers for their headwaters. Consequently they may suddenly rise up from nowhere and quietly grind a bridge to bits overnight. Probably the biggest single obstacle overcome was the bridging of the Peace River near Fort St. John. As a temporary beginning two ferries, Canadian and American, were put into operation, but these were quite unable to cope with the streams of traffic about two miles in length, often necessitating waits of 24 to 36 hours before passage could be obtained. Next a one-way temporary wooden bridge was erected only to be swept away by large ice-cakes shortly after it was completed. Within a few days the wrecked sections were rebuilt but again this went out in the spring break-up. It was built a third time, this time to last until the permanent steel suspension bridge was completed and officially opened, August 30, 1943.

The army employed was democratic if ever there was one: American citizens, black and white, from practically every State of the Union, Canadians from both east and west with a sprinkling of Indians and Eskimos employed in sub-contract work. However, despite a variety of backgrounds their ideals were the same and there quickly developed a fine spirit of camaraderie with many humorous interludes such as when a coloured boy was greeted by a British Columbia Indian: "Hello, Midnight". Quick as a flash came the response: "Hello, Quarter-to-Twelve". No matter how trying the conditions there was always some member of the army ready with a quip. The winter cold was bad when the touch of bare flesh on metal seared like a blow-torch. Some of the soldiers found the summer almost as trying, as the mosquitoes are large, numerous and voracious, and insect-proof nets had to be worn at work almost continuously. One coloured doughboy solemnly started the story of two soldiers who filled fifty gallons of gas into a mosquito before they discovered it was not a flying fortress.

The construction of such a road if spread over a number of years would be almost commonplace. However the highway was pushed through within eight months despite the rigours of Arctic winter, so that it was capable of carrying heavily laden trucks over 1,600 miles of previously impassable country. Now it stands as one of the major achievements of the war, one of the bright spots in an otherwise dark and dreary story of devastation and destruction.

Three main projects have now been almost completed in this northern territory: the Alaska Highway, the Canol project, and Catel, which is a telegraph and wireless system covering all the projects. The underlying motive has been desperate urgency; one



Steel bridge over the Peace, near Fort St. John

continual battle against time with every unit striving to finish before the Japs struck, before the ice broke on lakes and rivers, before the frost went out of the muskies, before the spring spates filled the water channels. Success was possible only because all fought to the limit of their endurance to carry on without a break and to maintain efficient timing in a varied series of complicated operations.

The Alaska Highway may have been played up in its most romantic aspects but no amount of debunking can detract from the greatness of the achievement. It was in fact a veritable road-builders' nightmare with every variety of heart-breaking weather thrown in for good measure. Men splashed around in muck, nursed gasoline engines through sub-zero temperatures, fought flies and mosquitoes, and jacked up heavy machines bogged down in mud-holes or threatening to plunge over precipitous cut-banks. Landslides, cave-ins, wash-outs, and the dozen and one varieties of mishaps associated with work of this kind were all encountered in aggravated form but each in turn was mastered.

Now the road is through. True, "it ain't no bloomin' boulevard as yet", as one of the drivers wearily remarked after nursing his



*Ice bridge over
the Donjek*

heavily laden truck over one of the worst stretches at an average rate of four miles per hour. But still the trucks keep rolling day and night with the lonely hills echoing their thundering roar. The entire contract has been handled by thousands of United States doughboys assisted by a few civilian contracting firms, both American and Canadian. All expenses have been met by the United States government and six months after peace the road will be turned over to the Canadian people.

For the first sixty miles from Dawson Creek to Fort St. John the highway is a very passable three-lane road. This, however, is the fancy, boulevard part. For the other 1,540 miles it varies from

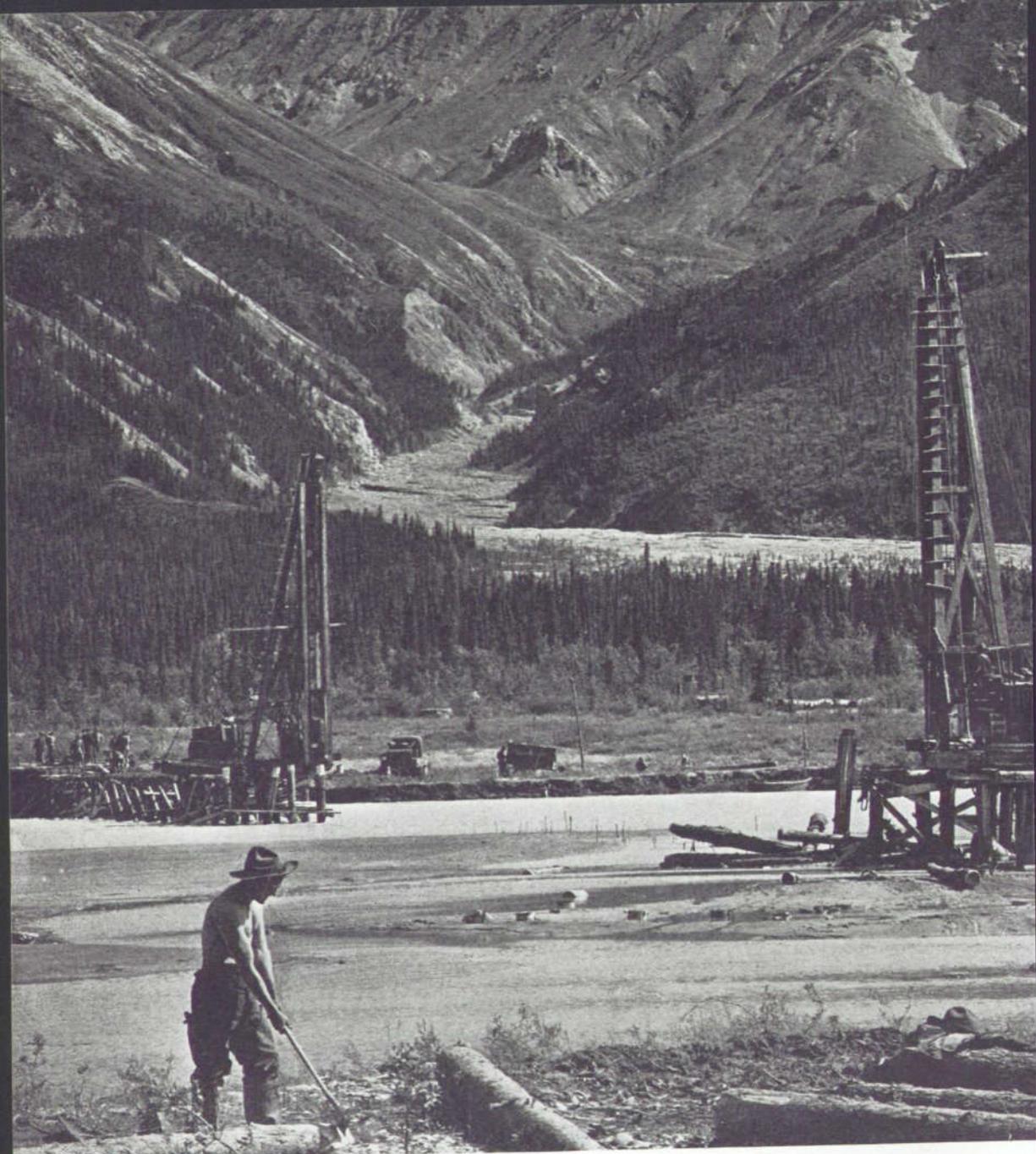
a fair, two-lane, gravel road to a single track trail. Because of the impromptu nature of the construction, the need for more time to permit of settling, and the seasonal changes to which it is subjected, considerable stretches will call for frequent patching and careful driving for some time to come. In the meantime the road-bed is being steadily improved, curves are being straightened, surface dressing is being added, more and more permanent steel bridges are being erected, and large camps are being established to house maintenance crews and to act as safety stations for traffic.

Easy grades and open valleys were as far as possible selected by the surveyors. Many stretches run straight as an arrow's flight, others swing in graceful curves round natural obstructions, and still others follow a zig-zag course with occasional hairpin turns. Traveling northwards the road reaches Muskwa in the heart of the big game country and passes within a short distance of Fort Nelson with its strategically placed airport. It then turns westward to Muncho Lake, a fisherman's paradise, from which point it swings north crossing the Liard River, reaching Whitehorse, and on to Watson Lake in the Yukon Territory. The most northerly reaches of this supply line to the Aleutians, which ends at Fairbanks, pass through the coast mountains by an open valley entering one of the most beautiful scenic regions of North America where many majestic peaks of more than 11,000 feet stand as silent sentinels along the route.

CANADA'S RICH NORTHERN HERITAGE

This northern artery may open up for Canada a vast highly mineralized area. Prospectors by the thousand will in years to come use the northern road as a springboard for their explorations. Little has yet been published as to the amount of mineral wealth exposed in the course of construction but we do know that several parties of mining engineers have in recent months been conducting exploratory operations in the Territory. Furthermore many northern sections not on the direct route have already felt the vitalizing effects of the peaceful American invasion. Tributary roads are being constructed on either side and more are in contemplation.

The tar sands and salt deposits of Fort McMurray, the unharassed electric energy at Fitzgerald, and the highly productive wells at Fort Norman producing oil of a quality that will flow at seventy degrees below zero—these are only a few of the substantial assets actually located and merely awaiting exploitation. Gold, silver, tin, copper, uranium, columbium, nickel, gypsum, and high quality



Mountain and river

coal have already been discovered in sufficient quantities to attract the attention of powerful mining interests.

Mr. Jack Hammell, one of Canada's most successful and aggressive prospectors and mine operators, has expressed himself in characteristically vigorous style. According to him the opening of this northern road will prove to be one of the most important milestones in our industrial history. Assuming that mining men are only given reasonable encouragement by way of helpful and far-

sighted legislation "there are plenty of two-fisted, red-blooded men ready and willing to wade right in and bust the north country wide open".

Undoubtedly there is something dynamic about a highway. The open road beckons to the adventurous, seeming to say "Come on, discover my treasures, explore my mysteries". Whether or not the frequently discussed tourist possibilities will prove to be a factor of immediate importance is a different matter. The engineers by maintaining the mean level well below 4,000 feet evaded the snow conditions that make winter travel unusually hazardous and by keeping to high ground as much as possible bottomless muskgs and overflowing streams were by-passed. In the higher reaches of the highway many towering peaks of more than 11,000 feet look down on a scenic route of unusual beauty and awe-inspiring grandeur.

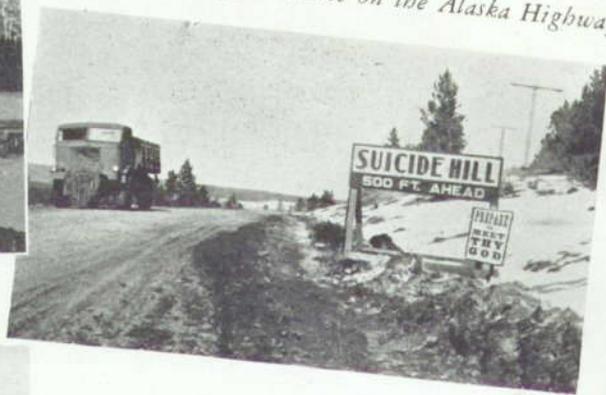
Robert W. Service, Canada's virile poet of the Yukon, was its first and greatest publicity agent. While serving his apprenticeship as a clerk in one of the northern branches of The Canadian Bank of Commerce his genius was fired by this land where nature in lavish mood had sculptured the beauty of towering mountains and hushed valleys against a rugged background of vast forests studded with sparkling lakes and picturesque streams. Time and again he reaches heights of greatness as, inspired by the stately splendour of his surroundings, he tells of a land where:—

*"The lonely sunsets flame and die;
The giant valleys gulp the night;
The monster mountains scrape the sky,
Where eager stars are diamond bright."*

But while Service immortalized the attractions of what would seem to be a tourists' paradise he also emphasized the Spartan qualities required to brave its rigours and hardships. "Send not your foolish and feeble: send me your strong and your sane". Even should the route be established as a smooth-surfaced, all-weather roadway, it will probably be many years before it is linked up with the proposed Pan-American Highway through Mexico, Central America and down to the southernmost tip of South America. In the interval it is likely to be too strenuous an undertaking for the inexperienced or ill-equipped vacationer.

The Alaska road starts at Dawson Creek, a hamlet which had already been established before the mighty stream of roadbuilders started to flow northward. At the northern extremity in so far as Canadian territory is concerned stands Whitehorse, a town which has enjoyed the unique experience of participating in two rushes into

Typical scenes on the Alaska Highway



the Northland. After the excitement of the Yukon stampede died down it settled back into semi-obscurity. Its population shrank to about 500 and its shop fronts and wooden sidewalks began to show signs of neglect and decay. But while Whitehorse became a mere shadow of its former self it never quite reached the level of a ghost town.

Now the population in and around Whitehorse approximates 23,000 excluding the military forces. A large refinery is being built to process the crude oil brought over mountain and muskeg by the Canol pipe line. A fine airport complete with runways, supply depots, and repair shops is located not far from the town.

The residents of the towns along the route, of which four are served by branches of The Canadian Bank of Commerce, fully recognize that the hectic conditions which have prevailed during the past year will soon disappear. However, they look to the future when a fine chain of commercial airports is likely to serve the aerial route to the Orient. If the road is not maintained, they pin their faith to the construction of a railroad as a permanent substitute.

Much has been written about the potentialities of air travel after the war and there would seem to be sound reasons for predicting

that the northern route to Asia with its hungry markets for consumer goods will be one of the first to be developed. Although the earth's circumference at the equator is 25,000 miles the distance around the world in the northern hemisphere where most of the great industrial nations are situated is only 18,000 miles. Let us look at some of these distances:

From Dawson to Tokio, 3,750 miles—approximate flying time 19 hours.

From Dawson to Hong Kong, 5,300 miles—approximate flying time 26 hours.

From Dawson to Calcutta, 5,875 miles—approximate flying time 30 hours.

One has only to trace these airmiles on a globe of the world to appreciate that the North Pole is in the future likely to be the centre of the world of communication, with Canada in an important strategic position. Furthermore pilots know that the temperature at 30,000 feet is the same over the Pole as at the Equator with the added advantage that the weather on the northern route is the clearest to be encountered anywhere in the world.

We have almost forgotten that the airplane is not primarily a death-dealing weapon. However, the military airplane can be changed almost overnight from a bird of prey to an angel of mercy and goodwill, bringing in its wake greater changes in the next generation than have occurred in the past century. Comparisons with the period following the last war when airplanes were flimsy things of wood and fabric held together by steel wire are likely to be more misleading than enlightening. The latest models are entirely different, sure as they are in their strength and dependability and capable of carrying enormous loads over distances undreamt of before the war.

THE PIONEER TRADITIONS OF CANADIAN BANKS

A review of the two penetrations into the Klondike, separated by a span of forty years, naturally brings to mind the honourable part played by all our banks in opening up Canada's hinterland. On both of these occasions two of the country's larger banks were well in the van. In the Yukon gold rush of 1898 The Bank of British North America (since merged with the Bank of Montreal) and The Canadian Bank of Commerce erected log buildings in Dawson City and conducted an active business, sensibly but radic-

From Vancouver to Dawson, 1,244 miles—time 7 hours: From Dawson to Port Darwin, 7,000 miles, time 35 hours.

ally adjusted to the immediate needs of the community. They not only provided safe depositories for the rapidly accumulating wealth of the miners in a turbulent outpost, but they also created a degree of stability which must have materially assisted the North West Mounted Police in their highly efficient and amazingly successful achievement in maintaining law and order in a community comprising many men and women whose cupidity and rapacity were kept in check only by fear of stern and swift retribution.

In the same way our Canadian banks played an important auxiliary role in the construction of the Alaska Highway. The Bank of Montreal operated branches at the tributary points of Dawson and Mayo and The Canadian Bank of Commerce at Dawson Creek, Fort St. John, Muskwa, Whitehorse and Dawson. In four of the latter branches the staff employed totals fifty-one of which twenty-five are men and twenty-six are women. Considering the inevitable hardships associated with pioneering these figures are rather startling in the light of old-fashioned standards. However, the ladies early decided that this was their war as much as the men's and since the outbreak of hostilities they have assumed many arduous duties on both civilian and military fronts.

In all of the Highway branches the bank staffs worked long hours under extreme pressure, often handling long queues of patient customers that jammed the offices from opening till closing. It is related that in an effort to avoid the inevitable congestion some customers tried mailing their deposits from across the village street only to find that the Post Office, suffering in similar manner, took as long as four days to effect delivery. Many of the girl clerks available had to be hastily trained to assume such heavy responsibilities but all the managers agree that they rose magnificently to the occasion and really did a splendid job under exceptionally trying conditions.

At least three of the original party of six Commerce men who slogged over the trail of '98 are still alive and enjoying a pleasant retirement. If one could only get them together in reminiscent mood they could a tale unfold that would "hold children from play and old men from the chimney corner". An effort which was recently made to persuade these vigorous sourdoughs* to put some of their impressions on paper brought cheery and graceful rejoinders but little direct reference to the hardships of those bygone days.

*Sourdough—a usual term in the North for a graduated Cheechako. He must have seen the rivers freeze over and the ice go out for at least one season.

One of the originals did remark that theirs was an amphibious adventure, shorter in duration but probably more dramatic per mile of country traversed. A second, interested to learn that women were included to such a large extent in "manning" the Alaska Highway branches, was prompted to comment on the changes wrought by time. "In the old days we were inclined to regard women as too frail even for city branch work. Those responsible for selecting the first Dawson City staff would have shuddered at the mere suggestion that women should be included in the party." A third when asked whether he ever felt an urge to retrace his steps over the old trail replied "I can tell you one thing. I wouldn't shoot the Five Finger Rapids again—no, not for a million dollars".

Lord Tweedsmuir, when discussing the need for preserving continuity with the past and keeping whatever of the old foundations are sound, makes use of an apt fisherman's metaphor: "If your back cast is poor your forward cast will be no better." Canadian banking with its colourful annals of varied achievement and simple courage has reason to be proud of its fine "back cast". It has done its full share in interpreting Canada to her sons and to the rest of the world. Banking has always been the handmaiden of commerce. In Canada it can justifiably claim to be the trail-breaker paving the way over which commerce follows. For our banks did not wait until communities were comfortably settled. They reached into fresh territories immediately land was made available, often opening branches miles ahead of steel and months before townsites were surveyed. Tents and log shacks have constituted the first bank premises of many a prominent banker of today.

We are prone to associate pioneering with only the first generation of hardy adventurers who hewed homes out of the trackless bush about a century ago. We too often forget that in this land of only partially fulfilled destiny there still are many thousands living under conditions almost as primitive as those endured by the earliest settlers. And where you find these frontiersmen in any number in any province there you are likely to find a branch bank.

The men and women operating these outlying branches may never have swung an axe in clearing bush land, or have guided a plough in turning over virgin sod, but pioneers they are nevertheless in a very active and real sense. Throughout years of faithful and unsung service they have given of their best, never taking advantage of the buyer's need or the seller's poverty. Like Samuel Chapdelaine many of them take more pleasure in beating back the frontier than in settling into snug comfort. No sooner are they

able to take their ease than they become seized with the old urge to begin all over again in some other place.

This strenuous questing spirit is encountered in many callings, but in none is it more continuously in evidence than in Canadian banking—partly because the men drawn to banking as a profession are given such scope for change of scene and variety of experience, with a whole continent in which to roam. Just as the farmer sometimes halts in yard or field and savours the satisfaction of surveying his own handiwork—here a snake-rail fence, there a well-tilled field where previously undisciplined wilderness held sway—so the banker in a new territory can trace the beneficent results springing from his direct share in the partnership between labour and capital.

In pioneer areas intimate association with the producers of raw materials brings the banker into direct elemental contact with his customers and in the process he learns to appreciate the rare intelligence and indomitable resourcefulness of the men who have mastered primal things. He enjoys watching the fruit of the farmer's labour blossom under the sun into rolling fields of golden grain. Sometimes he shares in the bitter tragedy of seeing all this beauty and promise seared and wilted by frost, rotted by rust or butchered by hail.

In few countries have the demands upon the average bank officer been so varied and so exacting. No sooner does he become familiar with measuring fish by the quintal than he may have to start all over again and learn about the logging scale, the tricks of the fur trade, the problems of the prospector and miner, and the hazards of agriculture. He commonly comes from a well-ordered prosperous town with trim hedges, shady streets and quiet gardens. These mean home to him, the place where he went to school, the magnet for occasional vacations—grand training grounds in which to learn life's early lessons, good spots to which to retire. But in between there is much to see and do, a great deal to learn, and many rough corners to be worn smooth.

The real work of the world is done by just such men. Their faculties are quickened and their imagination stimulated by free and varied contacts with natural people and primitive forces. In the long run they cannot help but learn tolerance, sympathy and understanding for they rub shoulders with men for whom work has an epic simplicity fitting neatly into the important frame of the small community. As a consequence no matter how high they rise in their chosen profession bankers rarely lose the common touch. Neither are they easily taken in by those who promise easy gain

without honest sweat for they have acquired too fine an appreciation of social responsibility and too keen a sense of real values to be easily deluded by glib promises.

Despite the fact that new branches in sparsely settled areas rarely pay their way for some years our leading Canadian chartered banks have with unflagging faith kept pace with the country's steadily expanding business frontiers. They and the men and women who cheerfully undertake these arduous pioneer duties deserve well of their country and their time. By their disciplined industry and loyal renunciations they have greatly contributed to making possible the closely integrated and highly developed Canada of today.

When the miners of '98 departed they left behind them little that was constructive. The second peaceful invasion will hand down as a legacy the Alaska Highway, a great engineering achievement but a far greater spiritual triumph. It stands today a symbol of energy, faith and determination. Two powerful neighbours have discovered that they have much in common. Confident in the knowledge that they can work together efficiently and harmoniously under conditions that would ordinarily sharpen angularities of character and might well result in serious friction, they have learned to understand and appreciate each other. The outstanding success of this magnificent experiment in co-operation augurs well for the future of all freedom-loving peoples.



SOME LEGAL PROBLEMS OF BANKING *

BY ARTHUR W. ROGERS, K.C.

DECENNIAL REVISION

AS THE charters of Canada's ten banks will expire on July 1, 1944, it is anticipated that their extension for a further period of ten years, as is customary, will be preceded by a revision of The Bank Act generally. It may perhaps be an appropriate time to present some legal problems which the banks are experiencing. The matters dealt with do not necessarily indicate that the banks may desire remedial legislation as a solution but are merely illustrative of some of the difficulties which arise from time to time.

Before proceeding to a consideration of some of these questions it will perhaps be of interest to look for a moment or two at the origin of the provision which limits the existence of bank charters to ten-year periods. This restriction first appears in Dominion legislation in the Act of 1871, which was the first comprehensive Bank Act of Canada under which the banks actually operated. The Bank Act of 1870 had provided for the continuance by letters patent of the corporate life of banks whose charters were due to expire but the banks preferred a parliamentary charter for which provision was made the following year.

The provision for a ten-year existence goes back further, however, to the charter granted to the Bank of Montreal in 1821 by the Legislature of Lower Canada. This Act, to which Royal Assent was withheld for a year, continued the corporate powers of the Bank until 1st June 1831. The Bank of Montreal had actually operated under articles of association since 1817. The charter of the Bank of Montreal and the charters of other banks which had been incorporated in the same or subsequent years were eventually extended until June 1, 1837. Owing to the difficulties in Lower Canada in that year there was no legislative continuance of bank charters and the banks had to function under temporary charters from the Royal Government or under articles of association under which some had operated prior to 1822. Short term charters were obtained in 1838 and 1839 from the special Council which took

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over the government of Lower Canada in 1837. After the union of Upper and Lower Canada in 1841 the charters of the Lower Canadian banks were renewed until 1862. Those of Upper Canada at another session were also extended to the same year. In 1854 bank charters were continued until 1870. In 1870 and 1871 the Parliament of Canada extended the charters to 1881, thus carrying on the policy of ten-year renewals.

This unique Canadian custom of giving a ten-year corporate expectation of life with the prospect of renewal after a parliamentary reconsideration of the provisions of their joint charter is confined to banks. Other corporations are allowed to pursue the even tenor of their way. So far as the writer is informed banks are not so treated elsewhere. The requirement has probably proven of value in the past, but the question arises whether the Canadian banks, on their records, have earned and deserved the continuous life enjoyed by other classes of corporations.

BUSINESS AND POWERS OF THE BANK

Section 75 of The Bank Act outlines in very general terms what a bank may or may not do. Subsection 1 indicates some activities in which the banks may engage. Of these, clause (a) enables the bank to open branches, agencies and offices. It thus clearly authorizes the establishment of the branch banking system. There was a time, however, back in 1850, when the Legislature of the united provinces of Upper and Lower Canada passed "An Act respecting Banks and Freedom of Banking" which made provision for the establishment of joint stock banks to be conducted at some one place and at such place only. Fortunately, however, unit banks had no strong appeal for Canadians and the legislation was repealed in 1880 by the Parliament of Canada. The remaining clauses of subsection 1 deal with the business of banking generally which, however, is not exhaustively defined. It is perhaps interesting to note in looking at the Act of 1850 already mentioned that section 1 provides that "The business of banking shall, for the purposes of this Act, mean the making and issuing of bank notes, the dealing in gold and silver bullion and exchange, discounting of promissory notes, bills and negotiable securities and such other trade as belongs legitimately to the business of banking." A comparison of the old section and subsection 1 of section 75 of the present Act reveals that the first activity mentioned in the old statute, namely, the making and issuing of bank notes, is not expressly mentioned in section 75 although, of course, the power to issue notes is specifically conferred by sections 60 and 61 of the present Act.

Since the last revision, however, the bank note issue has been progressively reduced, first at the rate of five per cent of the paid-up capital per annum for five years and latterly at the rate of ten per cent a year. The maximum circulation is now but forty-five per cent, and will be reduced to twenty-five per cent under the existing legislation. It would seem that the note circulation which was formerly regarded as an important phase of banking is now deemed by Parliament to be a subordinate activity. The bulk of the note circulation is of course furnished by the Bank of Canada, whose active note circulation, excluding its notes in chartered bank tills, has grown from \$48.9 millions in 1935, and \$122.9 millions in 1939 to \$609.3 millions on May 5th of this year.

LIMITATIONS UPON BANKING

Subsection (2) of section 75 of The Bank Act imposes well-defined and time-honoured limitations upon the activities of Canada's chartered banks.

LAND LOANS

Among the most important of these is the prohibition in clause (c) against lending money or making advances upon the security, mortgage or hypothecation of land or ships or upon the security of any goods, wares and merchandise. This prevention of lending against land, except for section 79 which permits a bank to take a mortgage on land by way of additional security for debts or liabilities already contracted to the bank in the course of its business, dates back in this country to the charter originally granted to the Bank of Montreal by the Legislature of Lower Canada in 1822. The available evidence indicates that this feature was taken from Alexander Hamilton's charter of the Bank of the United States established in 1791. After the Revolution land speculation engendered distrust in land as security for bank loans, and Hamilton, because of the non-liquid character of such security, wrote into the charter for a new national bank this salutary restriction upon its lending powers. The fear of having banks overloaded with real estate has continued in Canada, and section 82 of The Bank Act prohibits a bank from holding any real property, however acquired (except what it requires for its own use), for longer than seven years from its acquisition unless the time be extended by the Treasury Board for a further period not exceeding five years.

A question is sometimes raised concerning the advisability of The Bank Act being amended to enable the banks to make long-term loans on more permanent security than banks now lend upon, which would presumably be land. Such a change would, you will realize,

be contrary to the policy of Canadian legislatures since 1822. The result of such a policy in the case of one-unit banks has long been evident in United States bank failures, most notably during the "bank holiday" declared by President Roosevelt when he first assumed office in the midst of an economic chaos. Disastrous bank failures in Australia many years ago were also largely due to loans against land. While the branch bank system is not open to the same danger of carrying too many eggs in one basket, a departure from the century-old policy of not lending on the security of land might well have a serious effect upon Canadian banking. As you know, commercial banking in Canada consists largely in lending at short term. The banker is trained to make his loans upon the combination of a quickly realizable security on saleable goods and collectable accounts plus confidence in the character of the borrower and his ability to repay his loans with promptitude. To transform Canadian banking policy to a point where a banker would rely upon the value of the land might well result in his failure properly to evaluate the integrity of the borrower with the result that the banks might become overloaded with much of the poor real estate in the country. It would seem more satisfactory for the banks to remain in the field of commercial loans, leaving loans on the direct security of real estate to loan and insurance companies whose employees are experienced in the making of long term loans. It will be recalled that just prior to the present war the Government was about to establish a Central Mortgage Bank which would have operated as a reserve bank for the loan companies much as the Bank of Canada operates as a central bank for the chartered banks of this country. It is very doubtful whether a proposal to enable the banks to open their doors to real estate loans would be popular either with our legislators or with the bankers. After all, the test of a good banker is not merely to be able to lend money—his ability to get it back, with interest, is what really counts. All of us have enough experience to know that it is by no means easy to realize, promptly or otherwise, all or even part of one's money out of land.

LOANS ON THE SECURITY OF GOODS

The general prohibition in section 75(2)(c) against lending money on the security of any goods, wares and merchandise is subject to certain specific exceptions. Under section 86 a bank may acquire and hold any warehouse receipt or bill of lading as collateral security and section 88 permits a bank to lend to certain classes of persons upon the security of a wide variety of products, goods, wares and merchandise. Section 90, however, imposes cer-

tain restrictions upon the taking of any of these securities and provides that they shall only be acquired to secure the payment of a note negotiated at the time the bank acquires the security, or upon the written promise or agreement that these securities would be given to the bank.

The provision for taking warehouse receipts and bills of lading originated in 1859 in a statute of the old Province of Canada. In 1861 an amendment provided that the security would be valid even if the person who gave the security owned the goods covered thereby. The list of owners of goods who might thus give security was gradually extended and in 1880 the requirement was omitted that the person issuing the document must be capable of issuing such a receipt as a custodian of the goods of other persons.

It was not until 1890, however, that the use of warehouse receipts was confined to warehousemen and provision was made for a specific new security which is now generally designated as a section 88 security. Of this security, the Royal Commission on Banking and Currency in Canada (1933) stated:

"Of interest to the lawyer is the modification of the law of pledge which is to be found in section 88 of the Act of 1923 . . . a provision designed to enable the financing of those who have no available security to offer for advances except assets which must necessarily remain in their own possession."

In the interests of the commercial and agricultural communities at large this power, given to an owner to pledge his own goods as security for the bank loan, has been extended to cover crops, live stock or goods in the process of production whether on a farm, a stock ranch or in a factory. The progress of Canadian industry and agriculture has been to a considerable extent due to the ability of Canadian manufacturers, stock-raisers, farmers and others thus to obtain short-term loans from their bankers. The process of obtaining these loans, particularly in the case of active industrial and commercial accounts, is complicated and time-consuming, however. As a result of a series of decisions, the most important of which was possibly *Clarkson v. Dominion Bank* (1919) 58 S.C.R. 448, 26 J.C.B.A. 300, counsel for the banks developed a procedure under which the prospective borrower signs an agreement and an application for credit which contains a promise to give security under section 88, or a warehouse receipt or bill of lading under section 86. The bank then indicates its willingness to grant the borrower a line of credit up to a certain amount and the borrower gives notes for his borrowings from time to time. Each note contains at its foot a statement that it is for an advance under the original application for

credit and promise to give security and a new promise to give further security. The security itself, in the form set forth in a schedule to The Bank Act, is executed along with the note and must cover all outstanding promissory notes and all of the goods upon which security is being given. In an active business new securities are given several times a day in order to make certain that all newly acquired goods are included.

It is evident from the foregoing that the process in some cases is very complicated and time-consuming, and that in the interests of the commercial community particularly there is room for a simplification of procedure with a view to the saving of time, particularly in these days when it is so precious.

A better idea of the procedure in such cases, particularly those involving a revolving line of credit, can be gained by reading the decision in *Guarantee Silk Dyeing and Finishing Company, Limited, v. Bank of Montreal*, (1935) O.R. 493, 4 D.L.R. 483, 43 J.C.B.A. 117, Ont. C.A. The reasons of the trial judge, Mr. Justice Davis before his elevation to the Supreme Court of Canada, are interesting and instructive. In his view the security is of the nature of a mortgage to the bank by the borrower who retains an equity of redemption. The judgment of the Ontario Appellate Division, which varied the trial judgment in some respects, was delivered by Mr. Justice Masten, an expert on commercial law. In opening he said:

"It is to be borne in mind that the Parliament of Canada has enacted these sections not so much for the benefit of banks as for the benefit of manufacturers; but principally to provide a convenient and suitable means for the provision and application of capital to industry with the object that thus manufacturing and commercial enterprise in Canada may be encouraged."

Mr. Justice Masten's general description of the security is interesting:

"The Bank's securities here in question are in some respects of the same character as the well-known floating charge customarily inserted in bond mortgages and chattel mortgages, and these securities cover not merely the specific goods which, at the moment when the security was given were in the possession of the customer, but also such other goods as were subsequently from time to time acquired by the customer by way of substitution for or addition to those on hand at the time when the security was given . . ."

While it is evident that a section 88 security is like a floating charge in some respects the resemblance is confined to its operation, not its creation. There is room for improvement and simplification at its birth. It is to be hoped that our legislators will be inspired

to make the process easier and speedier in the interests of all concerned.

TRUST AND JOINT ACCOUNTS

Section 96(2) of The Bank Act reads:

"If any deposit made under the authority of this Act is subject to a trust of which the bank has notice, the receipt or cheque of the person in whose name any such deposit stands, or, if it stands in the names of two or more than two persons, the receipt or cheque of all such persons or of such of them as under the document creating the trust may be entitled to receive such deposit shall, notwithstanding any trust to which such deposit is then subject, be a sufficient discharge to all concerned for the payment of any money payable in respect of such deposit, and the bank shall not be bound to see to the application of any money paid upon such receipt or cheque."

This provision has no doubt occasioned some difficulty to barristers and solicitors acting as or on behalf of trustees. Barristers have doubtless considered that it would be advantageous if The Bank Act could provide for the bank receiving an adequate discharge if it were signed by one or more of a group of trustees authorized to do so by them all.

On the other hand a complaint came before the Banking and Commerce Committee on the occasion of the last revision that the Act as it then stood permitted less than all of a group of trustees to withdraw funds by cheque from a deposit in trust, notwithstanding that the instrument creating the trust required all trustees to sign cheques. Subsection 2 was enacted in the above terms in order to ensure strict conformity with the terms of any trust of which the bank had knowledge.

DOMINION GOVERNMENT CHEQUES

Section 98 of The Bank Act reads:

"The bank shall not make any charge for cashing any cheque drawn on the Receiver General or on his account in the Bank of Canada or in any other bank or for cashing any other instrument issued as authority for the payment of money out of the Consolidated Revenue Fund or upon any cheque drawn in favour of the Government of Canada or any department thereof and tendered for deposit in the Consolidated Revenue Fund."

The amount of work done by the banks for the Government free of charge under this section has increased tremendously during the war by reason of the greatly increased number of cheques issued by the Government in payment of its employees, in the armed services and elsewhere. Naturally the dangers from forgery and other

frauds have been intensified with the result that the banks have found themselves on more than one occasion in rather difficult positions. At present the practice of the Dominion, if they find some evidence of forgery, is to have the facts stated in affidavit form and to send the original forged cheque and affidavit back to the bank which had paid it, at the same time debiting the bank's account with the amount in the day's clearing.

As a matter of law the bank would not be able to say much in its defence even if given the opportunity to do so. To begin with, The Bills of Exchange Act does not bind the Crown but does bind the bank. The Crown might therefore hold the bank to the strict letter of the law while the bank would be unable to return the compliment. If, therefore, the Crown were to sue a bank for the return of the money involved in the forgery of a cheque, the bank would be unable to avail itself of certain defences which would otherwise be open to it under The Bills of Exchange Act. It would be unable to assert estoppel, because the actions of the servants of the Crown cannot bind it by estoppel and the Crown, not being liable in tort, is not concerned in law with the negligence of its servants. It would seem that the doctrine of *London Joint Stock Bank v. Macmillan*, (1918) A.C. 777 would not help the bank because Receiver General cheques are not drawn on a bank and the duty to draw a cheque carefully is a duty which the drawer of a cheque owes to his banker only. Moreover, the bank could not make a counterclaim against the Crown without a fiat, for such a counterclaim would be tantamount to a petition of right. By and large, it would seem that the banks would be in a parlous state.

But the Crown's position is not all it seems, for the "cheque" now commonly used by the Dominion is drawn by the Receiver General on himself. The fact that the drawer and drawee are the same person would remove these Receiver General "cheques" from the category of bills of exchange for section 17 requires that a bill of exchange be addressed by one person to another. In the case of *London and City Midland Bank v. Gordon*, (1903) A.C. 240 the House of Lords held that a draft drawn by a branch bank on its head office could not be treated by the bank as a bill of exchange. The situation is partly covered by section 26 which enables the holder of an instrument in which the drawee and drawer are one and the same person to treat it as a bill of exchange or promissory note whichever he prefers. This could help the bank as holder in an ordinary case, but the difficulty is that section 26, with the rest of the Act, does not bind the Crown, so that cock won't fight. The result is that, as Receiver General cheques are outside

The Bills of Exchange Act, the Government would be out of court along with the bank. The matter is evidently one for the exercise of common sense and no doubt a practical solution for the difficulty will be found if cases of fraud and forgery continue to multiply.

UNCLAIMED BALANCES

Section 114 of The Bank Act requires the bank to make an annual return to the Minister of Finance of the balances which have been inactive or upon which no interest has been paid for the previous five years and also of dividends unpaid for over five years. The banks are continually endeavouring to trace the proper owners of these accounts, or their legal representatives, and it is amazing how often they are able to locate people who have moved from one place to another, completely forgetting their bank accounts. These people seem to have the attitude of Little Bo-Peep toward her sheep, "Leave them alone and they'll come home," but although the banks do the best they can to locate the owners there are many who cannot be found or traced and in over 100 years the amounts have become substantial, possibly involving two or three million dollars.

The Dominion's printed lists of unclaimed balances were formerly a sort of happy hunting ground for people who wished to make money easily, for some persons have actually signed contracts agreeing to pay 50% of any moneys found to belong to them by persons who make this sort of thing their business. You can imagine the chagrin of a victim on being advised of a bank account about which he had forgotten and his annoyance at having to pay 50% of it over to the other party to the contract, when he could have received the whole amount directly from the bank without cost and without an intermediary.

Some persons, after vainly endeavouring to find the true owners of some of these unclaimed balances, came to the conclusion that they might actually be ownerless and therefore *bona vacantia* in the eyes of the law and that the provincial governments might be interested in obtaining any such ownerless deposits.

The first effort in this direction was made by the Quebec government but the banks were doubtful concerning the adopted procedure and in consequence four test cases were tried in the courts which determined that the proceedings were improper and did not constitute legal authority for the banks to pay the money to the Province. *Re Hodgetts, Attorney General of Quebec v. Banque Canadienne Nationale*, (1938) 76 Que. S.C. 149. The Quebec

Legislature thereupon enacted a statute which provided in general terms that deposits of money and securities in credit institutions, which deposits had been inactive or unclaimed for 30 years, should be deemed to be vacant property belonging to His Majesty in right of the Province of Quebec.

By agreement between the Province and the banks another test case was launched covering unclaimed balances in the Bank of Montreal. Mr. Justice Demers, the trial judge, gave judgment in favour of the Province. *Attorney General of Quebec v. Bank of Montreal and Attorney General of Canada*, (1941) 79 Que. S.C. 339. The Quebec Court of Appeal has sustained his judgment, largely because of the decision of the Supreme Court of Canada in a Manitoba case of a somewhat similar nature.

The Manitoba litigation was of longer duration. In 1924 the Imperial Canadian Trust Company agreed to take over certain deposits of the Great West Permanent Loan Company at Winnipeg and Calgary and by the end of December 1927 the Trust Company had paid off all but about \$18,000 of these deposits. It was ordered to be wound up and the Montreal Trust Company was appointed permanent liquidator. They in turn paid off additional depositors until a balance of \$9,844 was left consisting of many very small deposits.

This money was claimed by the Minister of Finance under sections 139 and 140 of the Winding Up Act and by the Provincial Treasurer of Manitoba as *bona vacantia*. On the liquidator's application to the court for directions it was held that the money should go to the Province. The Court of Appeal held that in the absence of any evidence that the depositors were dead or without heirs the funds were not *bona vacantia* and should be paid to the Minister of Finance. In the meantime the Manitoba Legislature had passed the Vacant Property Act in which it was provided that deposits unclaimed for 12 years were vested in and payable to the Crown in the right of the Province.

A petition by the Attorney-General claiming the above-mentioned deposits under the new Act was then brought before the courts. A decision that the deposits could not be considered unclaimed did not satisfy the Province, which appealed. The appeal was dismissed and appeals from both decisions of the Court of Appeal were taken to the Supreme Court of Canada and heard together. The Supreme Court in a recent judgment took the view that the evidence did not support a general finding of the abandonment of the deposits.

With respect, however, to the claim under the Vacant Property Act, the court took the view that the 12-year limitation was against the depositors and not the trust companies or the liquidator and that the Attorney-General was entitled to succeed in the second action.

This decision was brought to the notice of the Quebec Court of Appeal before its decision was rendered and in consequence thereof the Chief Justice, with whom Mr. Justice Walsh concurred, altered his opinion which had been to the effect that the Quebec legislation was invalid in respect of bank deposits. In a few additional paragraphs he outlined the view that in the light of the Supreme Court's decision, the bank as depositary did not have a right of ownership of the deposits and that its obligation was rather of the nature of a trust to repay the money to the rightful owner, or to the Province if it is legally able to substitute itself for the owner, and that the legislation did not interfere with banking.

The result of this changed decision was that instead of a three to two decision against the Province, there is now a four to one decision in its favour. Mr. Justice Marchand did not change his view that the Quebec legislation was invalid.

As the question is of considerable importance, it is reasonable to suppose that the Quebec and Manitoba cases will be carried further.

It may also be anticipated that the other provinces will await the outcome of these cases with considerable interest.

On the occasion of the last revision of The Bank Act one of the members of the Banking and Commerce Committee suggested that provision should be made to vest these unclaimed balances in the Crown in right of the Dominion. The Minister of Finance, however, stated that such a step would be unconstitutional on the ground that the provinces were entitled under section 109 of the B.N.A. Act to such of these unclaimed balances as were really ownerless and therefore *bona vacantia*, coming within the meaning of the term "royalties" in the above section.

It may be mentioned that it is already provided in section 115 of The Bank Act that in the event of a bank becoming insolvent, the liquidator should eventually turn over any unclaimed balances to the Minister of Finance to be held by him subject to all rightful claims on behalf of any person. In the Quebec and Manitoba legislation there is no corresponding provision to protect the depositor or his legal representatives and if he wishes to recover moneys which have been taken over by the province his only remedy is by way of petition of right.

CANADA'S WARRIOR BANKERS

THE CANADIAN BANKER, Volume 50 published in 1943, contained an article under the above title by Vernon Knowles.

An HONOUR ROLL was included enumerating those killed in action, missing and prisoners of war, also a list with relative particulars of DISTINCTIONS GAINED, according to the latest information available before going to press.

The additional names now following bring the lists up to January 1944. Those appearing last year have not been repeated except in cases of a change in casualty status or further distinctions gained.

KILLED ON ACTIVE SERVICE

ROLAND RAYMOND AMEY (*The Bank of Nova Scotia*)—P/O, R.C.A.F. Born July 6, 1923, at North Sydney, N.S., Mr. Amey entered the service of the Bank on July 3, 1940, at North Sydney. He enlisted from the same Branch on November 1, 1941. Died in England on November 20, 1943, as a result of wounds received while in action over enemy territory.

DAVID MAURICE ANDERSON (*The Royal Bank of Canada*)—F/O, R.C.A.F. Born June 16, 1919, at Beaverdale, Sask., Mr. Anderson entered the service of the Bank on May 1, 1937, at Yorkton. He enlisted from Pembroke Branch on October 30, 1941, and was killed in action in the Middle East on September 24, 1943.

DOUGLAS THOMAS ANDERSON (*The Canadian Bank of Commerce*)—Lt., Hastings and Prince Edward Regiment. Born August 4, 1916, at Shallow Lake, Ont., Mr. Anderson entered the service of the Bank on January 21, 1935, at Owen Sound, Ont. He enlisted from Coboconk, Ont., Branch on August 1, 1941, and went overseas early in 1943. Was killed in action in Italy on December 23, 1943.

JAMES LAMB ARTHUR (*The Bank of Toronto*)—Sgt., R.C.A.F. Born July 3, 1917, at Toronto, Mr. Arthur entered the service of the Bank on December 18, 1935, at Mount Dennis, Ont. He enlisted from Milton Branch on July 29, 1941, graduated from Rivers, Man., as an observer in June 1942 and went overseas in July of that year, where he took a special course as a bombardier. At the beginning of 1943 Mr. Arthur took part in many raids over enemy territory as the bombardier in a Lancaster plane. In the first smashing raid on Essen in March he dropped eight tons of bombs. When volunteers were asked for a highly dangerous mission, he was one of those who volunteered and was chosen. The crew did intensive training under Wing Commander G. P. Gibson, V.C., D.F.C. and Bar, D.F.O. and Bar, for many weeks in a secret training station, and on Sunday night, May 16, 1943, they bombed the Mohne Dam, but under the intense fire their plane was seen to crash and the entire crew went to their death.

- CLARENCE EDGAR BELL (*The Bank of Nova Scotia*)—P/O, R.C.A.F. Reported missing—see *The Canadian Banker*, 1943, p. 113. Officially reported killed, June 1943.
- JAY BURPEE BLACK (*Imperial Bank of Canada*)—Major, Canadian Active Army. Born on 3rd February 1895 at Falmouth, N.S. Entered the service of the Bank on 5th September 1910 at Rosthern Branch and enlisted from Wetaskiwin Branch on 28th July 1940. Was engaged in convoy duty since enlistment, and died in Military Hospital in Windsor, N.S., on 7th August 1943. Major Black was a veteran of the First Great War, enlisting in May 1916 and demobilized in September 1919.
- RUSSELL CHARLES HEATH BOULTON (*The Royal Bank of Canada*)—Sgt/Observed, R.C.A.F. Born May 15, 1919, at Consort, Alta., Mr. Boulton entered the service of the Bank on May 11, 1937, at Innisfail. He enlisted from Red Deer Branch on November 1, 1941. Was killed on active service on February 13, 1943.
- VICTOR LESLIE BOYD (*The Bank of Nova Scotia*)—W/O 1, R.C.A.F. Born February 16, 1921, at Renfrew, Ont., Mr. Boyd entered the service of the Bank on September 14, 1939, at Queen & Pape Branch, Toronto. He enlisted from that Branch on June 29, 1940. In May 1943 he was reported killed in action over Malta.
- SIDNEY PHILIPPE RICHARD BROUILLETTE (*The Royal Bank of Canada*)—F/O, R.C.A.F. Born June 17, 1918, at Glen Sutton, Que., Mr. Brouillette entered the service of the Bank on July 7, 1936, at St. Hyacinthe. He enlisted from the Ottawa, Hintonburgh Branch, on September 15, 1941, and was killed on active service overseas on June 11, 1943.
- JOHN BEVERLEY BROWNLEE (*The Bank of Nova Scotia*)—Flt/Lt., R.C.A.F. Born February 8, 1907, at Woodbridge, Ont., Mr. Brownlee entered the service of the Bank on September 19, 1927, at Woodbridge. He enlisted from Montreal Branch on June 30, 1941. In August 1943 he died while on active service overseas.
- ARTHUR ERNEST CANNON (*The Bank of Nova Scotia*)—Lt., Royal 22nd Regiment. Born November 7, 1918, at Quebec, Que., Mr. Cannon entered the service of the Bank on September 1, 1939, at Rideau & William Branch, Ottawa. He enlisted from that Branch on April 27, 1940. Died of wounds on August 1, 1943, received while on active service in Sicily.
- LEONARD INNES CARLING (*Bank of Montreal*)—Captain, Royal Canadian Regiment. Born December 23, 1915, at Ottawa, Ont., Mr. Carling entered the service of the Bank on September 1, 1934, at London East Branch, Ont. He enlisted from Meaford Branch on January 18, 1940, and was killed in action in Italy on October 26, 1943.
- CLARKE MUNRO CHAMBERS (*The Canadian Bank of Commerce*)—F/O, R.C.A.F. Born June 19, 1920, at Calgary, Alta., Mr. Chambers entered the service of the Bank on February 27, 1939, at Calgary Branch. He enlisted from that Branch on August 29, 1941, and went overseas early in 1943. Was killed in action in March 1943.

JOHN WILLIAM CHESTER (*Imperial Bank of Canada*)—Sgt. Pilot, R.C.A.F. Born on 23rd December 1917, at Minto, Man., Mr. Chester entered the service of the Bank on 16th June 1937 at Mossbank. He enlisted from that Branch on 17th April 1941 and went overseas early in 1942. He was killed in action 3rd September 1943 and was buried at Jurby Parish Churchyard, Jurby, Isle of Man.

RUSSELL STANLEY CLARK (*Imperial Bank of Canada*)—F/O, R.C.A.F. Born 5th June 1918 at Stanmore, Alta., Mr. Clark entered the service of the Bank on 2nd August 1937 at Nelson, B.C. He enlisted from that Branch on 30th September 1941 and proceeded overseas in late 1942. Severely wounded during air operations overseas, he died on 21st December 1943 and was buried in the R.A.F. Cemetery, Harrogate, Yorkshire.

LORNE FRANKLAND COOK (*The Canadian Bank of Commerce*)—P/O, R.C.A.F. Born May 11, 1921, at Kenton, Man., Mr. Cook entered the service of the Bank on August 9, 1939, at Yorkton, Sask. He enlisted from Norquay, Sask., Branch on May 18, 1942, and went overseas early in 1943. Was killed in action on or about 24th November 1943.

JAMES EDWARD CURTIS (*The Canadian Bank of Commerce*)—LAC, R.C.A.F. Born March 6, 1920, at Hamilton, Ont., Mr. Curtis entered the service of the Bank on January 30, 1939, at Delta, Hamilton, Ont. Branch. He enlisted from James & Young, Hamilton, Branch on September 27, 1941, and went overseas in the latter part of 1942. Was killed on active service in England on February 26, 1943.

ARTHUR MEREDITH DUNSTAN (*The Canadian Bank of Commerce*)—Flt/Lt., R.C.A.F. Born March 22, 1892, at Toronto, Mr. Dunstan entered the service of the Bank on February 9, 1909, at Paris, Ont. He was a member of the Royal Flying Corps in the Great War. He enlisted from Toronto Branch on October 19, 1940, and died from natural causes on June 17, 1943. At the time of his death he was senior administrative officer at No. 6 S.F.T.S., Dunnville, Ont.

DONALD EMIL ELLIOT (*The Bank of Toronto*)—Flt/Sgt., R.C.A.F. Born August 30, 1917, at St. Lambert, Que., Mr. Elliot entered the service of the Bank on August 17, 1937, at St. Lambert. He enlisted from Atwater Avenue & St. Antoine Street Branch, Montreal, on March 14, 1941, and went overseas in January 1942. He saw service in England and in the Middle East as a fighter pilot and was killed in action on May 12, 1943, while attached to the Bomber Command. He was buried at Stratford-on-Avon two days later.

JOHN NORMAN GILBERT FINLAYSON (*The Royal Bank of Canada*)—Sgt/Pilot, R.C.A.F. Born November 10, 1920, at Komoka, Ont., Mr. Finlayson entered the service of the Bank on July 10, 1939 at Wells, B.C. He enlisted from that Branch on September 6, 1941. He lost his life in a flying accident on April 23, 1943, while on a patrol flight over the Faeroe Islands.

- VICTOR ROY FOLKERSEN (*Bank of Montreal*)—F/O, R.C.A.F. Born March 6, 1916, at Ceylon, Sask., Mr. Folkersen entered the service of the Bank on May 14, 1934, at Carberry, Man. He enlisted from Kamsack Branch on September 2, 1941. He was killed in action overseas on September 5, 1943. His two younger brothers are serving in the R.C.A.F.
- LIONEL EDMOND GAGNON (*The Royal Bank of Canada*)—F/O, R.C.A.F. Born December 10, 1918, at Vancouver, B.C., Mr. Gagnon entered the service of the Bank on August 21, 1936, at Vancouver, 25th Avenue Branch. He enlisted from Vancouver Branch on September 25, 1940. Was killed in a flying accident on February 16, 1943, near St. Honore, Que.
- ALBERT EDWARD GILVERSON (*The Dominion Bank*)—Sgt. Air Gunner, R.C.A.F. Born August 2, 1922, at Toronto. Entered the Bank at Head Office, Toronto, on March 12, 1941. He enlisted on August 1, 1942, from King & Yonge Streets Branch, Toronto, and won his air gunner's wings at Mont Joli, Que. Is believed to have been on his first raid over enemy territory when he met his death on August 19, 1943. He is buried at Harrogate, England.
- DUNCAN COULSON GRANT, JR. (*The Bank of Toronto*)—Lt., Sea-forths of Canada. Born September 14, 1912, at Montreal, Mr. Grant entered the service of the Bank on October 1, 1932, at Peel Street Branch, Montreal. Was transferred to the British Columbia Division in November 1939 and enlisted from Burrard & Robson Streets Branch, Vancouver, on December 9, 1941, proceeding overseas after his commissioning at Gordon Head, B.C. He was killed in Italy on December 5, 1943.
- JOHN FERGUS GREENAN (*The Royal Bank of Canada*)—F/O, R.C.A.F. Born December 28, 1920, at Calgary, Alta., Mr. Greenan entered the service of the Bank on May 5, 1937, at Calgary Branch. He enlisted from Turner Valley Branch on January 6, 1941. Was killed in action on March 2, 1943.
- WALLACE BRYAN GREENLAY (*The Canadian Bank of Commerce*)—AC 2, R.C.A.F. Born October 20, 1923, at Earl Grey, Sask., Mr. Greenlay entered the service of the Bank on March 6, 1941, in the Superintendent's Department, Winnipeg. He enlisted from that office on April 15, 1943. Was killed in a plane crash at No. 5 Bombing and Gunnery School, Dafoe, Sask., on July 24, 1943.
- JACK ECKERSLEY HARRISON (*Barclays Bank (Canada)*)—P/O, R.C.A.F. Born 15th July 1912 at Atherton, Lancashire, England, Mr. Harrison was attached to the staff of the Bank on 1st December 1936 after having served on the staffs of the Union Bank of Manchester and Barclays Bank Limited, England, for eight and a half years. He enlisted from Montreal Branch on 30th June 1942 and went overseas in July 1943. He was killed in a flying accident in December 1943 in Scotland, and is buried in England.

ALLAN HEANEY (*The Bank of Nova Scotia*)—W/O, R.C.A.F. Born November 8, 1922, at Ottawa, Mr. Heaney entered the service of the Bank on October 5, 1939, at Ottawa Branch. He enlisted from the same Branch on January 11, 1941. Was posted as missing after air operations over Germany in September 1943 and was later listed as having lost his life.

NORMAN GEORGE HICKEY (*The Dominion Bank*)—Flight Sergeant Pilot, R.C.A.F., attached to the R.A.F. Born December 10, 1919, at Hamilton, Ontario. Entered the Bank on November 20, 1939, at Hamilton, Ontario Branch and enlisted from there on September 30, 1940. He was reported missing April 2, 1942, and was later confirmed as killed in action on that date.

THOMAS FERGUSON HOW (*The Bank of Toronto*)—Sgt/Air Gunner, R.C.A.F. Born November 14, 1917, at Toronto, Mr. How entered the service of the Bank on November 26, 1936, at Montreal Main Office, from which Branch he enlisted with the R.C.N.V.R. on April 26, 1941. He later transferred to the R.C.A.F., receiving his air gunner's wing at Malton, Ont., and went overseas in July 1942. Was reported missing after air operations on May 14, 1943, and subsequently reported killed in action while on a bombing raid over enemy territory.

GRAHAM WILSON HOWARD (*Imperial Bank of Canada*)—Sgt/Pilot, R.C.A.F. Born on 4th June 1921 at Sexsmith, Alta., and entered the service of the Bank on 9th December 1940 at Edmonton Branch. He enlisted from that Branch on 30th September 1941 and went overseas in 1942. He was killed in action on 22nd October 1943 following a raid over Kassel, Germany, from which his bomber failed to return.

JOHN GUTHRIE JARVIS (*The Canadian Bank of Commerce*)—Lt., First Armoured Car Regiment. Born February 10, 1920, at Toronto, Mr. Jarvis entered the service of the Bank on November 28, 1928, at Yonge & Manor Road, Toronto, Branch. He enlisted from the Queen & Bathurst, Toronto, Branch on January 29, 1942, and went overseas in October 1942. Was killed in action in Italy in November 1943.

RAYMOND EDWARD JOLLY (*Imperial Bank of Canada*)—LAC, R.C.A.F. Born on 24th November 1920 at Weyburn, Sask., Mr. Jolly entered the service of the Bank on 10th June 1940 at Weyburn. He enlisted from that office on 29th November 1941 in the R.C.N.V.R. and remustered to the R.C.A.F. on 18th March 1943. Was killed as a result of a flying accident on 14th December 1943 at Mountain View, Ont., while in training.

GILBERT WILFRED KELLAWAY (*Imperial Bank of Canada*)—Lieutenant, Alberta Regiment. Born 26th May 1919 at Peoria, Illinois, U.S.A., Mr. Kellaway entered the service of the Bank on 16th June 1938 at Edmonton Branch. He enlisted from that Branch on 26th September 1939. Went overseas early in 1940 and was killed in action in Sicily in mid-August 1943.

- DONALD ROBERT KELLY (*The Canadian Bank of Commerce*)—Sgt./Air Gunner, R.C.A.F. Born August 11, 1921, at Richmond, Que., Mr. Kelly entered the service of the Bank on September 13, 1939, at Richmond. He enlisted from Windsor, Que. Branch on July 13, 1940, and went overseas in 1942. Was killed on active service on 12th June 1943 and is buried in Ripon Cemetery, Ripon, England.
- LEE PERCIVAL LEIGHTON (*The Canadian Bank of Commerce*)—Sgt., Canadian Corps, Meteorological Section. Born July 2, 1920, at Victoria, B.C., Mr. Leighton entered the service of the Bank on March 30, 1937, at Douglas & Cormorant, Victoria, B.C. Branch. He enlisted from Keremeos, B.C., Branch, on August 22, 1940, and went overseas in 1941. Died in England on December 7, 1943, from the effects of a mortar bomb explosion.
- RAY HUTCHINGS LOGAN (*The Canadian Bank of Commerce*)—Flt/Sgt., R.C.A.F. Born August 23, 1919, at Edmonton, Alta., Mr. Logan entered the service of the Bank on December 16, 1938, at Edmonton Branch. He enlisted from Smoky Lake, Alta., Branch, on March 18, 1941, and went overseas in 1942. Was killed on an operational flight over Germany on May 28, 1943.
- CLARENCE ROY LONG (*The Bank of Toronto*)—F/O, R.C.A.F. Born September 20, 1918, at Meaford, Ont., Mr. Long entered the service of the Bank on January 16, 1937, at Owen Sound—see *The Canadian Banker*, 1943, p. 114. In August 1943 listed as killed in action. His mother has been advised that his body was recovered on February 20, 1943, and that he was buried at Friesland, Holland, on February 24.
- NORMAN ALEXANDER MacNEILL (*The Bank of Nova Scotia*)—Lt. Born August 7, 1916, at Moncton, N.B., Mr. MacNeill entered the service of the Bank on August 13, 1934, at Sussex, N.B. He enlisted from Minto, N.B., Branch, on November 1, 1941. Advice was received in January 1944 that he had been killed in action in Italy.
- ROBERT SPENCE McDONALD (*The Canadian Bank of Commerce*)—Cpl., R.C.A.F. Born October 22, 1911, at New Liskeard, Ont., Mr. McDonald entered the service of the Bank on June 10, 1926, at Collingwood, Ont. He enlisted from Montreal Branch on September 19, 1941, and went overseas early in 1942. In July 1943 he was reported killed.
- JOHN DONALD McDONELL (*The Royal Bank of Canada*)—P/O, R.C.A.F. Born August 21, 1921, at Hazelton, B.C., Mr. McDonell entered the service of the Bank on November 7, 1938, at Smithers. He enlisted from that Branch on September 15, 1941. Was killed in a flying accident in Scotland on May 16, 1943.
- CECIL MALCOLM McKENZIE (*The Canadian Bank of Commerce*)—LAC, R.C.A.F. Born March 15, 1923, at Turtleford, Sask., Mr. McKenzie entered the service of the Bank on July 16, 1941, at Turtleford. He enlisted from that Branch on May 27, 1942. On 29th March 1943, while stationed at Bombing and Gunnery School, Dafoe, Sask., he was killed when the bomber in which he was flying crashed near Humboldt, Sask.

JOHN RODERICK McRAE (*The Bank of Nova Scotia*)—Sgt/P., R.A.F. Reported missing—see *The Canadian Banker*, 1943, p. 114. Officially reported killed, July 1943.

RALPH FRANKLIN MECHIN (*The Dominion Bank*)—Sgt/Navigator Bombardier, R.C.A.F. Born June 3, 1919 at Oshawa, Ont., Mr. Mechin entered the service of the Bank on May 31, 1937, at Oshawa. Enlisted in January 1942 from Brooklin, Ont. Branch and went overseas in April 1943. He was reported killed on November 6, 1943, on the Isle of Man and was buried in Jurby, R.C.A.F. Cemetery, Isle of Man, on November 10, 1943.

RICHARD CHARLES MEREDITH (*The Canadian Bank of Commerce*)—Sgt., Canadian Armoured Corps. Born April 21, 1918, at Victoria, B.C., Mr. Meredith entered the service of the Bank on October 28, 1936, at Vancouver Branch. He enlisted from Kamloops Branch on September 7, 1940, and went overseas in 1942. Died on April 19, 1943, as a result of multiple injuries sustained in a tank accident while on duty.

BRUCE RYERSON MILLIGAN (*The Dominion Bank*)—P/O, R.C.A.F. Born March 9, 1922, at Orillia, Ont. Entered the Bank at Danforth & Logan Avenues Branch, Toronto, on October 7, 1940. He enlisted from that office on August 9, 1941, and went overseas early in July 1942. He was killed in action over Germany in June 1943 and is buried in Parish Cemetery, Holtwick Westphalia, Germany.

MARTIN PALMER NORTHMORE (*The Royal Bank of Canada*)—F/O, R.C.A.F. Born November 21, 1917, at Toronto, Mr. Northmore entered the service of the Bank on March 20, 1935, at Toronto, College & Bathurst Branch. He enlisted from the Toronto, Coxwell & Gerrard Branch on December 8, 1940. Was killed in North Africa on October 24, 1943, while piloting a Hurricane fighter plane.

JAMES SUTHERLAND OGILVY (*The Dominion Bank*)—Sgt/Navigator, R.C.A.F. Born July 2, 1916, at Moose Jaw, Sask., Mr. Ogilvy entered the service of the Bank on July 6, 1934, at Moose Jaw. He enlisted on June 30, 1941, from Vancouver, B.C., Branch, and went overseas in January 1943. Was killed on active service July 16, 1943, at St. Eval, Cornwall, England, and is buried in Haycombe Cemetery, Bath, Somerset.

GERALD JAMES O'HANLEY (*The Bank of Nova Scotia*)—Flt/Lt., R.C.A.F. Reported missing—see *The Canadian Banker*, 1943, p. 115. Officially reported killed, May 1943.

WILLIAM ROLAND PARKS (*The Royal Bank of Canada*)—P/O, R.C.A.F. Born November 20, 1922, at Prince Albert, Sask., Mr. Parks entered the service of the Bank on June 27, 1940, at Prince Albert. He enlisted from that Branch on July 21, 1941. Was killed in a flying accident at Lethbridge on December 18, 1943.

GERALD FRANCIS PHELAN (*Bank of Montreal*)—Lt., United States Forces. Born May 18, 1914, at Stanstead, Que., Mr. Phelan entered the service of the Bank on June 8, 1931, at New York. He returned to Canada and enlisted in the R.C.A.F. on September 22, 1940. He met with an accident while in training for air crew and returned to the Bank in New York. He again enlisted from this office on April 7, 1942, in the United States Forces. He was accidentally killed on October 2, 1943, while undergoing training at the U.S. Army Air Field at Walterboro, South Carolina.

SAMUEL SMITH POWERS (*The Canadian Bank of Commerce*)—Cpl., U.S. Bomber Ferry Squad. Born February 28, 1918, at Newark, N.J., Mr. Powers entered the service of the Bank on August 12, 1936, at New York Agency. He enlisted from that Branch on March 1, 1942. Was killed on February 26, 1943, in an airplane crash.

HOWARD PEARSON RALPH (*The Bank of Nova Scotia*)—F/O, R.C.A.F. Born March 4, 1919, at Ottawa, Mr. Ralph entered the service of the Bank on June 3, 1937, at Ottawa Branch. He enlisted from the same office on January 21, 1941. Went down in the Indian Ocean during a meteorological flight in October 1943.

JAMES WILLIAM BROMLEY REYNOLDS, D.F.C. (*The Royal Bank of Canada*)—F/O, R.C.A.F. Born September 10, 1921, at Pembroke, Ont., Mr. Reynolds entered the service of the Bank on December 27, 1939, at Pembroke. He enlisted from that Branch on December 31, 1940. Was awarded the Distinguished Flying Cross in September, 1942, after participating in operations at Dieppe, (see *The Canadian Banker*, 1943, p. 82). Was killed in action on May 4, 1943.

EDWARD LAPAGE ROBINSON, D.F.C. (*Bank of Montreal*)—Flt/Lt., R.C.A.F. (See "Distinctions").

JOHN EDWIN RYLANDS (*The Royal Bank of Canada*)—F/O, R.C.A.F. Born November 12, 1922, at Shanley, Ont., Mr. Rylands entered the service of the Bank on August 18, 1939, at Brockville. He enlisted from that Branch on February 15, 1941. Was killed in action in Africa on May 12, 1943.

DAVID HERBERT SARGEANT (*The Bank of Toronto*)—P/O, R.C.A.F. Born March 7, 1916, in Montreal, Mr. Sargeant entered the service of the Bank on June 25, 1934, at Peel Street Branch, Montreal. He enlisted from Montreal Main Office on September 23, 1940. Made many trips over Europe and was reported missing after air operations over the North Sea on May 29, 1942. Word was subsequently received that Mr. Sargeant was buried on November 29, 1942, in a small town near the mouth of the River Elbe.

ROBERT LESLIE SCOTT (*The Royal Bank of Canada*)—Sgt. Air Gunner, R.C.A.F. Born August 9, 1907, at Scotstown, Que., Mr. Scott entered the service of the Bank on July 25, 1927 at Montreal West. He enlisted from Prescott Branch on March 1, 1941. Was killed in action during air operations overseas on August 16, 1943.

FRANK AUGUST SIMPSON (*Imperial Bank of Canada*)—Gunner, R.C.A. Born on 10th January 1914 at Grand Valley, Ont., Mr. Simpson entered the service of the Bank on 1st March 1929 at Fergus. He enlisted from Hearst Branch, Ont., on 9th January 1943 and died in Vancouver Hospital on 28th November 1943 through illness.

RICHARD CLARE SMITH (*The Royal Bank of Canada*)—Sgt/Observer, R.C.A.F. Born January 18, 1920, at Winnipeg, Man., Mr. Smith entered the service of the Bank on June 21, 1940, at Calgary Branch. He enlisted from Turner Valley Branch on May 13, 1941. Was killed in action on July 12, 1943, over Gibraltar, where he is buried.

HARRY GRANT SPENCER (*The Canadian Bank of Commerce*)—P/O, R.C.A.F. Born November 1, 1921, at Milverton, Ont., Mr. Spencer entered the service of the Bank on April 1, 1938, at Milverton, Ont. He enlisted from Atwood Branch on May 3, 1941, and went overseas early in 1942. In July 1943 was reported killed in action in the Middle East.

ROBERT HAROLD SPURR (*The Royal Bank of Canada*)—Sgt/Pilot, R.C.A.F. Born March 10, 1922, at New Westminster, B.C., Mr. Spurr entered the service of the Bank on August 21, 1939, at Grand Forks. He enlisted from New Westminster Branch on September 11, 1941. Was killed in a flying accident near Ancienne Lorette, Que., on February 24, 1943.

JOSEPH BEVERLEY STARR (*Bank of Montreal*)—Lt., Carleton and York Regiment. Born July 16, 1918, at Halifax, N.S., Mr. Starr entered the service of the Bank on July 4, 1934, at Wolfville, N.S. He enlisted from Hartland, N.B. Branch on September 1, 1941. He was killed in action in Sicily on July 18, 1943.

JOHN KENNETH STEVENS (*The Canadian Bank of Commerce*)—LAC, R.C.A.F. Born June 18, 1922, at Kingsbury, Que., Mr. Stevens entered the service of the Bank on January 4, 1939, at Hemmingford, Que. He enlisted from Waterloo, Que., Branch on September 26, 1942. Was killed in an airplane crash at No. 10 E.F.T.S., Pendleton, Ont., on July 25, 1943.

CHARLES KENNETH SURGEY (*The Royal Bank of Canada*)—Sgt/Pilot, R.A.F. Born February 17, 1921, at Montevideo, Uruguay, Mr. Surgery entered the service of the Bank on July 19, 1937, at Montevideo. He enlisted from that Branch on March 15, 1941. Was reported missing after air operations over enemy territory on May 29, 1943. His death was later confirmed through the International Red Cross.

MERVIN ELWOOD TARRANT (*The Bank of Toronto*)—Flt/Sgt., R.C.A.F. Born December 7, 1919, at Bridgeford, Sask., Mr. Tarrant entered the service of the Bank on September 1, 1938, at New Westminster, B.C., from which Branch he enlisted on March 15, 1941. He received his wings from the Calgary Training School. On March 23, 1943, he was accidentally killed in a plane crash at Yarmouth, N.S. Taken to New Westminster, he was buried with military honours on March 31.

ROBERT GEORGE TIGHE (*The Bank of Nova Scotia*)—F/O, R.C.A.F. Born August 1, 1917, at Edmonton, Alta., Mr. Tighe entered the service of the Bank on February 9, 1934, at Edmonton Branch. He enlisted from Victoria, B.C., Branch on May 6, 1941. Was listed as missing after air operations over Europe on April 3, 1943, and on June 7, 1943, was reported killed in action over Germany.

CYRUS EATON WEBB (*Imperial Bank of Canada*)—P/O, R.C.A.F. Born 7th April 1920, at Edmonton. Entered the service of the Bank on 23rd March 1939 at Toronto Branch. He enlisted from that Branch on 21st April 1941, and went overseas early in January 1942. He was killed in action over Germany on 11th September 1943.

CHARLES WILBERT WELSH (*Imperial Bank of Canada*)—Cpl., R.C.A.F. Born on 10th August 1918 at Windsor, Ont., Mr. Welsh entered the service of the Bank on 7th June 1937 at Amherstburg. He enlisted from that Branch on 30th August 1940. Corporal Welsh died in Westminster Hospital, London, Ont., on 5th October 1943 following an abdominal operation.

JOHN HENRY WHITTINGTON (*The Bank of Toronto*)—Sgt., Hastings & Prince Edward Regiment. Born April 13, 1919, at South Monaghan, Ont., Mr. Whittington entered the service of the Bank on April 19, 1938, at Millbrook, Ont., from which Branch he enlisted with the First Midland Regiment on August 14, 1940. He was one of the first to be interviewed by a reporter when the Allied troops landed in Sicily, where he was wounded in September 1943. He later rejoined his unit and was killed in action in Italy on December 24, 1943.

WILLIAM ROBERT WIDDESS (*Bank of Montreal*)—F/O, R.C.A.F. Born July 18, 1913, at Lindsay, Ont., Mr. Widdess entered the service of the Bank on February 10, 1930, at Lindsay. He enlisted from the Chatsworth Branch, Ont., on September 23, 1940. He was reported missing on December 31, 1943, and now presumed to be dead. He was flying in a Typhoon Squadron over the English Channel when the plane nearest him lost formation and in an endeavour to recover position collided with the plane piloted by Flying Officer Widdess. Both planes exploded. Before going overseas he was an instructor at Trenton and had 1,700 flying hours in his log.

FREDERICK GRANT WILLIS (*The Bank of Toronto*)—F/O, R.C.A.F. Born November 29, 1920, at Victoria, B.C., Mr. Willis entered the service of the Bank on December 1, 1939, at Victoria Main Office, from which Branch he enlisted with the R.C.A.F. on October 24, 1940. He was killed on April 19, 1943, while on air operations overseas.

LORNE HERBERT YORK (*The Canadian Bank of Commerce*)—P/O, R.C.A.F. Born January 25, 1921, at Tamworth, Ont., Mr. York entered the service of the Bank on July 2, 1937, at Tamworth, Ont. He enlisted from Keswick, Ont., Branch, on January 23, 1941. Went overseas early in 1943 and in March of that year was reported killed in action in Africa.

MISSING—PRESUMED KILLED IN ACTION

ARTHUR JAMES BAGG (*The Dominion Bank*)—Sgt., R.C.A.F. Reported missing—see *The Canadian Banker*, 1943, p. 113. Now for official purposes presumed dead as on March 8, 1943.

JOE GRIFFITHS BELL (*The Canadian Bank of Commerce*)—Coder, R.C.N.V.R. Born February 18, 1922, at Brantford, Ont., Mr. Bell entered the service of the Bank on October 22, 1940, at Sarnia, Ont. He enlisted from Parkhill, Ont., Branch, May 9, 1942. He is presumed to have gone down with H.M.C.S. *St. Croix* when it was torpedoed in the North Atlantic in October 1943.

HOWARD BROOM (*The Dominion Bank*)—Sgt., R.C.A.F., attached to the R.A.F. Reported missing—see *The Canadian Banker*, 1943, p. 113. Now officially presumed dead.

ERIC GRAHAM CAVAGHAN (*The Dominion Bank*)—P/O, R. C. A. F. Reported missing—see *The Canadian Banker*, 1943, p. 113. Official word has now been received by his family that he is presumed dead as on May 30, 1942.

JOSEPH FREDERIC CHEVALIER (*Bank of Montreal*)—P/O, R.C.A.F. Born February 21, 1921, at Montreal, Mr. Chevalier entered the service of the Bank on August 22, 1938, at Beatty & Verdun Avenues Branch, Verdun. He enlisted from the Valleyfield Branch on November 14, 1940. He was reported missing following raids over St. Nazaire and Lubeck on March 29, 1942, and later presumed to have died. He was a member of the "Caterpillar Club".

JAMES CECIL COLTER (*The Royal Bank of Canada*)—Sgt/Pilot, R.C.A.F. Born December 17, 1920, at Crystal City, Man., Mr. Colter entered the service of the Bank on November 25, 1937, at Crystal City. He enlisted from Melita Branch on March 1, 1941. Was reported missing after air operations on August 27, 1942, and is officially presumed dead.

JAMES EDGAR DONALD CRAIGIE (*The Canadian Bank of Commerce*)—F/O, R.C.A.F. Born May 8, 1918, at Toronto, Mr. Craigie entered the service of the Bank on March 1, 1937, at West Toronto. He enlisted from that Branch on May 31, 1941, and went overseas in 1942. Was reported missing following air operations over Germany on June 25, 1943, and later officially presumed dead.

WILLIAM JOHN ROSS DAVIES (*The Royal Bank of Canada*)—Sgt., R.C.A.F. Born January 24, 1918, at Baltimore, Md., Mr. Davies entered the service of the Bank on December 10, 1935, at Halifax, Morris & Barrington Branch. He enlisted from Shubenacadie Branch on June 13, 1941. Was reported missing after air operations over Essen on March 8, 1943, and is officially presumed dead.

GERALD MAXWELL DRENNAN (*The Royal Bank of Canada*)—Sgt. Air Gunner, R.C.A.F. Born November 14, 1921, at Sherbrooke, Que., Mr. Drennan entered the service of the Bank on January 8, 1940, at Sherbrooke Branch. He enlisted from that Branch on November 6, 1940. He was reported missing after air operations on December 5, 1941, and is officially presumed dead. Mr. Drennan and his brother, who is mentioned below, were members of the same air crew.

JAMES DOUGLAS DRENNAN (*The Royal Bank of Canada*)—Sgt. Air Gunner, R.C.A.F. Born March 23, 1919, at Cookshire, Que., Mr. Drennan entered the service of the Bank on April 13, 1937, at Lennoxville. He enlisted from that Branch on November 30, 1940. Was reported missing after air operations on December 5, 1941, and is officially presumed dead. He is the brother of Sergeant Air Gunner G. M. Drennan, mentioned above.

THEODORE IAN MARDON EDWARDS (*The Canadian Bank of Commerce*)—Sgt., R.C.A.F. Reported missing—see *The Canadian Banker*, 1943, p. 113. Later officially presumed dead.

WILLIAM DAVID MacLAREN EMBREE (*The Royal Bank of Canada*)—Flt/Sgt., R.C.A.F. Born December 26, 1919, at Port Hawkesbury, N.S., Mr. Embree entered the service of the Bank on July 26, 1937, at Port Hawkesbury. He enlisted from Port Hood Branch on November 15, 1940. Was reported missing on October 29, 1942, and is presumed dead.

HARRY GREGORY FARRINGTON (*The Canadian Bank of Commerce*)—F/O, R.C.A.F. Born June 4, 1918, at Toronto, Mr. Farrington entered the service of the Bank on May 7, 1935, at Niagara Falls Centre, Ont., Branch. He enlisted from Niagara Falls South Branch on May 3, 1941, and went overseas in 1942. In March 1943 he was listed as missing after air operations over Europe and was later officially presumed dead.

CHARLES ROTHAM FOSKETT (*Imperial Bank of Canada*)—P/O, R.C.A.F. Reported missing—see *The Canadian Banker*, 1943, p. 113. Now presumed killed in action 6/7th September 1942.

MORGAN DAVID FOX (*The Canadian Bank of Commerce*)—P/O, R.C.A.F. Born September 10, 1919, at Dunnville, Ont., Mr. Fox entered the service of the Bank on September 25, 1936, at King & Wellington, Hamilton, Ont., Branch. He enlisted from Burlington, Ont., Branch on May 27, 1941, and went overseas early in 1942. In March 1943 he was listed as missing after air operations and was later officially presumed dead.

DOUGLAS GORDON FRASER (*The Bank of Nova Scotia*)—F/O, R.C.A.F. Born October 2, 1913, at St. Stephen, N.B., Mr. Fraser entered the service of the Bank on April 19, 1934, at Ossington & Dundas, Toronto, Branch. He enlisted from Hamilton Branch on December 14, 1940. Was listed as missing in May 1943, after air operations overseas and in September 1943 was for official purposes presumed dead.

MASON HAND HARGREAVES (*The Bank of Toronto*)—Sgt., R.C.A.F. Born July 23, 1918, at Winnipeg—see *The Canadian Banker*, 1943, p. 113. Was the pilot of an aircraft overseas that participated in a routine co-operation training flight on the night of October 16, 1942, and which failed to return to its base. For official purposes, Mr. Hargreaves is now presumed to have lost his life on that date.

WILLIAM HARVEY (*Bank of Montreal*)—Sgt., R.C.A.F. Born March 20, 1917, at Carbon, Alta., Mr. Harvey entered the service of the Bank on July 25, 1938, at Carbon. He enlisted from the same office in February 1941. Was reported missing in November 1942 following air raids and now presumed to be dead.

ALLEN MYRICK HILL (*Bank of Montreal*)—Flt/Lt., R.C.A.F. Born May 8, 1921, at Lynn Valley, B.C., Mr. Hill entered the service of the Bank on February 15, 1939, at North Vancouver Branch. He enlisted from the same office in October 15, 1940. Was reported missing on March 27, 1943, following an air raid over Duisburg, Germany, and now presumed to be dead.

ROBERT GEORGE HILL (*The Royal Bank of Canada*)—Sgt./Air Gunner, R.C.A.F. Born February 23, 1919, at St. Thomas, Ont., Mr. Hill entered the service of the Bank on February 23, 1937, at Guelph. He enlisted from the Ottawa, Glebe Branch, on June 14, 1941. Was reported missing after air operations on September 13, 1943, and is presumed to have been killed in action.

JAMES FREDERICK IRVINE (*The Canadian Bank of Commerce*)—Sgt/Pilot, R.C.A.F. Born January 1, 1917, at St. Catharines, Ont.,—see *The Canadian Banker*, 1943, p. 114. Now officially presumed dead.

PAUL WINSTANLEY JEANNERET (*The Royal Bank of Canada*)—F/O, R.C.A.F. Born July 30, 1919, at Victoria, B.C., Mr. Jeanneret entered the service of the Bank on July 24, 1937, at Victoria, Douglas Street Branch. He enlisted from Ladner Branch on April 30, 1941. Was reported missing in March 1943 following a raid over Cologne and is presumed to have been killed in action.

FRANCIS SURRAGE JENKINS (*The Royal Bank of Canada*)—Sgt., R.C.A.F. Born August 25, 1920, at Kelloe, Man., Mr. Jenkins entered the service of the Bank on August 15, 1938, at Shoal Lake. He enlisted from Roblin Branch on February 9, 1941. Was reported missing following air operations on February 27, 1943, and is presumed to have been killed in action.

JAMES McLEAN JOHNSON (*Bank of Montreal*)—Sgt., R.C.A.F. Reported missing—see *The Canadian Banker*, 1943, p. 114—and now presumed dead.

WILLIAM ARNOLD JOHNSTON (*The Canadian Bank of Commerce*)—Lt., R.C.N.V.R. Born November 25, 1918, at Moncton, N.B., Mr. Johnston entered the service of the Bank on April 11, 1938, at Charlottetown, P.E.I., Branch. He enlisted from that Branch on November 2, 1940. Survived the sinking of H.M.C.S. *Charlottetown* but was later reported missing when H.M.S. *Itchen* was torpedoed. He was officially presumed dead in October 1943.

HERBERT CHARLES JORDAN (*The Bank of Nova Scotia*)—Flt./Sgt., R.C.A.F. Born October 11, 1920, at Renfrew, Ont., Mr. Jordan entered the service of the Bank on July 2, 1938, at Renfrew. He enlisted from the same Branch on November 8, 1941. Was listed as missing in July 1943 following air operations overseas and in December 1943 was officially presumed dead.

RICHARD ARTHUR KERTSON (*The Royal Bank of Canada*)—Flt./Sgt., R.C.A.F. Born August 27, 1919, at Grand Falls, N.B., Mr. Kertson entered the service of the Bank on January 12, 1937, at Grand Falls. He enlisted from Bathurst Branch on December 23, 1940. Was reported missing on September 4, 1942, following air operations over Germany and is presumed to have been killed in action.

TERENCE WILLIAM KIDD (*The Canadian Bank of Commerce*) — P/O, R.C.A.F. Born September 30, 1919, at Montreal, Mr. Kidd entered the service of the Bank on August 22, 1938, at Chambly, Que. He enlisted from Westmount, Que., on July 3, 1940. Was reported missing in April 1943 when the boat on which he was proceeding overseas was torpedoed, and later officially presumed dead.

PERRY KING (*Bank of Montreal*)—Sgt., R.C.A.F. Born February 25, 1922, at St. Thomas, Ont., Mr. King entered the service of the Bank on June 26, 1939, at Aurora, Ont., and enlisted from the same office on March 15, 1941. Was reported missing on February 25, 1943, and now presumed to be dead. His older brother was killed in an airplane crash at Camp Borden, Ont., and his twin brother, also a member of the R.C.A.F., is a prisoner of war in Germany.

DONALD RODERICK LAGIMODIERE (*The Royal Bank of Canada*)—Sgt., R.C.A.F. Born December 8, 1920, at Lorette, Man., Mr. Lagimodiere entered the service of the Bank on September 7, 1937, at St. Boniface, Man. He enlisted from Brandon Branch on April 30, 1941. Was reported missing after a reconnaissance flight from a base in Nova Scotia on September 13, 1942, and is presumed to have been killed in action.

JOSEPH LOUIS BERNARD LARIN (*The Royal Bank of Canada*)—Sgt. Air Gunner, R.C.A.F. Born January 25, 1920, at Montreal, Mr. Larin entered the service of the Bank on September 4, 1937, at Montreal, St. Denis & St. Catherine Branch. He enlisted from that Branch on September 13, 1940. Was reported missing in March 1943, following air operations over Germany, and is presumed to have been killed in action.

JOHN BUCHANAN LAWRENCE (*Bank of Montreal*) — Flt./Sgt., R.C.A.F. Mr. Lawrence entered the service of the Bank on January 9, 1937, at Beaver Hall Branch, Montreal. He enlisted from Upper Town Branch, Quebec City, on February 7, 1941. Was reported missing on September 7, 1942, following an air raid over Duisburg, Germany, and now presumed to be dead. His young brother is serving overseas with the R.C.A.F.

- HENRY NEELIN LYONS (*Bank of Montreal*)—F/O, R.C.A.F. Born August 5, 1910, at North Bend, B.C., Mr. Lyons entered the service of the Bank on June 6, 1928, at Granville & Nelson Streets Branch, Vancouver. He enlisted from the Vernon Branch on October 5, 1941. Was reported missing on May 23, 1943, following air operations over Germany and now presumed to be dead.
- LYN BERTRAM MADDEN (*Barclays Bank (Canada)*)—Flt. Lt., R.C.A.F. Born 21st October 1919, at Montreal, Mr. Madden entered the service of the Bank on 1st September 1937, at Montreal Branch. He enlisted from Montreal Branch on 24th September 1940 and went overseas in January 1943. He was reported missing after air operations in June 1943, and presumed dead for official purposes in December 1943.
- TERENCE JAMES MARRIOTT (*The Canadian Bank of Commerce*)—F/O, R.C.A.F. Born October 15, 1918, at Quebec, Que., Mr. Marriott entered the service of the Bank on February 4, 1935, in the Superintendent's Department, Vancouver. He enlisted from New Westminster Branch on March 5, 1941. He was reported missing when an aircraft on which he was a passenger left Gibraltar on March 23, 1943, and failed to reach its destination, Lyneham, Wiltshire, England. He was later officially presumed dead.
- WILLIAM JAMES McALPINE (*The Bank of Nova Scotia*)—Flt./Sgt., R.C.A.F. Born July 7, 1920, at Bancroft, Ont., Mr. McAlpine entered the service of the Bank on February 21, 1938, at Bancroft. He enlisted from the same office on February 18, 1941. Was listed as missing in May 1943 after air operations overseas and in September 1943 was officially presumed to have lost his life.
- ROBERT ALBERT McCALLUM (*The Canadian Bank of Commerce*)—Flt/Lt., R.C.A.F. Born January 29, 1919, at Parry Sound, Ont. Reported missing—see *The Canadian Banker*, 1943, p. 114. Now officially presumed dead.
- DONALD BURTON McPHAIL (*The Canadian Bank of Commerce*)—W/O, R.C.A.F. Born August 20, 1917, at Windsor, Ont.—see *The Canadian Banker*, 1943, p. 114. Now officially presumed dead.
- JOHN HERBERT PATRICK MORRIS (*The Bank of Nova Scotia*)—Sgt., R.C.A.F. Born August 22, 1919, at Alexandria, Ont., Mr. Morris entered the service of the Bank on March 27, 1939, at Alexandria Branch. He enlisted from the same Branch on August 30, 1941. Was listed as missing after an air raid over Germany in April 1943 and for official purposes was presumed dead in August 1943.
- WILLIAM POWELL (*The Royal Bank of Canada*)—Flt./Sgt., R.C.A.F. Born December 14, 1920, at Toronto, Mr. Powell entered the service of the Bank on September 20, 1937, at Toronto Branch. He enlisted from that office on August 12, 1940. Was reported missing after air operations on February 3, 1943, and is presumed to have been killed in action.
- LLOYD NEWTON SKINNER (*The Royal Bank of Canada*) — P/O, R.C.A.F. Born June 8, 1921, at Berwick, N.S., Mr. Skinner entered

the service of the Bank on December 11, 1937, at Yarmouth. He enlisted from that Branch on October 26, 1940. Is presumed to have been killed in action on May 15, 1942, while bombing an enemy convoy in the North Sea.

WARREN OLIVER SLACK (*The Bank of Nova Scotia*)—P/O, R.C.A.F. Born May 15, 1922, at Brockville, Ont., Mr. Slack entered the service of the Bank on July 2, 1940, at Bank & Gladstone, Ottawa, Branch. He enlisted from the same Branch on October 31, 1940. Was reported missing in May 1943 as a result of enemy action at sea. Advice was received in January 1944 that for official purposes he was presumed dead.

LEONARD IAN SMITH (*The Royal Bank of Canada*)—P/O, R.C.A.F. Born April 10, 1920, at Westboro, Ont., Mr. Smith entered the service of the Bank on August 11, 1939, at Ottawa, Bank & Somerset Branch. He enlisted from Pakenham Branch on June 14, 1941. Was presumed to have been killed in action following air operations overseas on October 6, 1942.

NORMAN ALBERT STELTER (*The Canadian Bank of Commerce*)—Sgt./Pilot, R.C.A.F. Born February 26, 1920, at Lamont, Alta., Mr. Stelter entered the service of the Bank on July 3, 1939, at Lamont, Alta. He enlisted from that Branch on May 17, 1941, and went overseas early in 1942. On May 3, 1943, he was reported missing as a result of air operations and later officially presumed dead.

DONALD LEROY TORKELSON (*The Canadian Bank of Commerce*)—Flt./Sgt., R.C.A.F. Born October 2, 1920, at Bengough, Sask.—see *The Canadian Banker*, 1943, p. 115. Now officially presumed dead.

DALTON KENNETH JAMES WALLACE (*The Bank of Toronto*)—Sgt., R.C.A.F. Born May 3, 1918, at Collingwood, Ont., Mr. Wallace entered the service of the Bank on February 17, 1938, at Collingwood, from which office he enlisted on January 28, 1941. In April 1943 was reported missing over Germany and subsequently presumed to have died on April 21, 1943.

KENNETH RICHMOND WATERS (*Bank of Montreal*)—F/O, R.C.A.F. Born May 21, 1922, at Montreal, Mr. Waters entered the service of the Bank on January 24, 1938, at Kerrisdale, B.C. He enlisted from that Branch on February 8, 1941. Was reported missing on April 15, 1943, and is presumed to have been drowned while endeavouring to save his companions when a forced landing had to be made off the coast of England when two engines of their plane caught fire.

HARRY WILLIAM WELCH (*The Royal Bank of Canada*)—P/O, R.C.A.F. Born October 14, 1916, at Stratford, Ont., Mr. Welch entered the service of the Bank on April 10, 1934, at Kincardine. He enlisted from Brantford Branch on October 12, 1940. Was reported missing on February 19, 1943, while flying over Wilhelmshaven and is presumed to have been killed in action.

ALAN LEWES WELLER (*The Royal Bank of Canada*)—P/O, R.C.A.F. Born May 6, 1918, at Vancouver, Mr. Weller entered the service of the Bank on December 15, 1936, at Kamloops, B.C. He enlisted from

Vernon Branch on February 13, 1941. Was reported missing after a mine-laying operation on March 19, 1943, and is presumed to have been killed in action.

LIONEL HARRY WILLIAMS (*The Canadian Bank of Commerce*)—Sgt., R.C.A.F. Born December 30, 1917, at Medicine Hat, Alta., Mr. Williams entered the service of the Bank at Duncan, B.C., on May 26, 1938. He enlisted from Oliver, B.C., Branch on July 21, 1941, and went overseas in 1942. He was reported missing after an attack on Krefeld, Germany, on October 2, 1942, and later officially presumed dead.

BRUCE JOHN WRIGHT (*The Dominion Bank*)—F/O, R.C.A.F. Born January 19, 1920, at Winnipeg, Man., Mr. Wright entered the Bank on May 2, 1938, at Victoria, B.C., Branch. He enlisted from Victoria Branch in July 1940 with the Canadian Scottish Regiment, later transferring to the R.C.A.F. in July 1941. He went overseas early in 1942. Was reported missing 1st May 1943 while serving on coastal patrol off the coast of Norway, and is now presumed dead.

MISSING

EDWARD SUDBURY ALEXANDER, D.F.M., D.F.C. (*The Dominion Bank*)—Sqn. Ldr., Squadron 419, R.C.A.F. (See "Distinctions").

FRANCIS DESMOND BRADY (*The Canadian Bank of Commerce*)—Sgt. Pilot, R.C.A.F. Born March 13, 1922, at Quebec, Que., Mr. Brady entered the service of the Bank on August 6, 1940, at Quebec. He enlisted from that Branch on October 31, 1941, and went overseas in 1942. In August 1943 he was reported missing after air operations.

MANLEY LYALL BRECHIN (*The Dominion Bank*)—F/O, R.C.A.F. Born March 28, 1923, at R. R. No. 3, Coldwater, Ont. Entered the Bank on September 19, 1940, at Orillia, Ont. He enlisted from that Branch in August 1941, and went overseas in November 1942. Was reported missing on August 24, 1943, on a return trip from Sicily.

DONALD JOHN CAMERON (*Bank of Montreal*)—Sgt., R.C.A.F. Born August 27, 1908, at London, Ont., Mr. Cameron entered the service of the Bank on May 27, 1929, at the City Hall Branch, London. He enlisted from Chatsworth Branch on May 19, 1941. He was reported missing on August 27, 1943, following an air raid on Nürnberg, Germany.

ALAN LESLIE CLOGG (*Imperial Bank of Canada*)—F/O, R.C.A.F. Born on 20th May 1919, at Toronto. Entered the service of the Bank on 18th February 1938, in the Bond Department, Head Office. He enlisted from Queen & Carlaw Branch, Toronto, on 17th January 1942, proceeded overseas in 1943 and is now reported missing following air operations over enemy territory on the night of 21st January 1944.

HAMISH GORDON COLLINS (*Bank of Montreal*)—Flt. Sgt. R.C.A.F. Born June 10, 1919, at Courtenay, B.C., Mr. Collins entered the service of the Bank on May 16, 1938, at Vernon, B.C. He enlisted from the same office on November 7, 1940. He was reported missing in June 1943 following air operations with the "Demon Squadron". R. G. Fowlie of Vernon Branch was a member of the same crew and is also missing.

- ERIC HAYDEN DOUGLAS (*Bank of Montreal*)—F/O, R.C.A.F. Born October 3, 1911, at Campbellford, Ont., Mr. Douglas entered the service of the Bank on September 24, 1929, at Campbellford Branch. He enlisted from the College St. Branch, Toronto, on November 11, 1941. He was reported missing in October 1943 following air operations in Tunisia.
- EDGAR LLOYD FAIRWEATHER (*The Dominion Bank*)—F/O, R.C.A.F. Born December 17, 1921, at Toronto. Entered the Bank on August 12, 1940, at Lawrence Park Branch, Toronto. He enlisted from that Branch December 31, 1941. He was reported missing while bombing Milan, Italy, August 1943.
- JOHN ERNEST FISHER (*Bank of Montreal*)—P/O, R.C.A.F. Born June 21, 1919, at Regina, Sask., Mr. Fisher entered the service of the Bank on February 6, 1939, at Prince Rupert, B.C. He enlisted from the same office on January 3, 1941. He was reported missing on September 16, 1943, following air operations over enemy territory.
- ROBERT GRANT FOWLIE (*Bank of Montreal*)—P/O, R.C.A.F. Born March 8, 1911, at Midland, Ont., Mr. Fowlie entered the service of the Bank on September 19, 1929, at Penticton, B.C. He enlisted from Vernon Branch on January 4, 1941. He was reported missing in June 1943 following air operations with the "Demon Squadron". H. G. Collins of Vernon Branch was a member of the same crew and is also missing.
- KENNETH MALCOLMSON GILLIES (*The Bank of Nova Scotia*)—Sgt./P, R.C.A.F. Born February 4, 1919, at Prince Albert, Sask., Mr. Gillies entered the service of the Bank on October 19, 1937, at Prince Albert. He enlisted from Shellbrook, Sask., Branch, on September 6, 1941. In July 1943, he was listed as missing following air operations overseas.
- ROY GREAVES (*Imperial Bank of Canada*)—P/O, R.C.A.F. Born on 9th April 1920, at Niagara-on-the-Lake. Entered the service of the Bank on 6th May 1936, at Niagara-on-the-Lake. He enlisted from the Victoria Avenue, Niagara Falls, Branch on 23rd May 1941, and proceeded overseas early in March 1943. He was reported missing following air operations over Germany on 8th October 1943.
- JOHN ALBERT GUEST (*The Dominion Bank*)—Flt. Lt. R.C.A.F. Born July 15, 1919, at Proton, Ont. Entered the Bank on February 6, 1939, at Queen St. and Lee Ave. Branch, Toronto. He enlisted from that Branch on October 24, 1940. He was reported missing on May 27, 1943, in air operations over the Burma Line.
- JOHN WILFRED HARRISON (*Bank of Montreal*)—P/O, R.C.A.F. Born June 3, 1915, at Virden, Man. Mr. Harrison entered the service of the Bank at Lombard Street Branch, Winnipeg, on November 7, 1933. He enlisted from the Nipawin Branch on October 1, 1941. He was reported missing on November 11, 1943, following air operations.
- JAMES GASTON HATCHWELL (*Imperial Bank of Canada*)—F/O, R.C.A.F. Born on 9th March 1921 at Ottawa. Entered the service of the Bank on 18th June 1940, at Queen and Carlaw Branch, Toronto.

He enlisted from King and Market Branch, Toronto, on 4th March 1942, and went overseas early in 1943. He was reported missing on 21st December, following air operations over Berlin.

DONALD JESSE HAUG (*Imperial Bank of Canada*)—Sgt./P, R.C.A.F. Born 22nd December 1920, at Winnipeg. Entered the service of the Bank on 12th July 1938, at Regina Branch. He enlisted from Balgonie Branch on 23rd August 1941. He went overseas early in 1943, and was reported missing in December 1943, following air operations overseas.

JOSEPH DOUGLAS HOGAN (*The Bank of Nova Scotia*)—P/O, R.C.A.F. Born March 2, 1919, at Amherst, N.S., Mr. Hogan entered the service of the Bank on May 1, 1936, at Amherst. He enlisted from Truro, N.S., Branch, on November 22, 1941. Reported missing following an operational flight over Germany on September 23, 1943.

JAMES EARL ISAACS (*The Bank of Nova Scotia*)—Sgt., R.C.A.F. Born August 21, 1909, at Port au Bras, Newfoundland. Mr. Isaacs entered the service of the Bank on June 16, 1927, at Carbonear, Nfld. He enlisted from Halifax Branch on August 15, 1941. Reported missing in May 1943, after air operations overseas.

WILLIAM HARVEY JACOBS (*The Dominion Bank*)—F/O, R.C.A.F. Born December 16, 1919, at Toronto. Entered the Bank on May 1, 1940, at Dufferin St. and Lappin Avenue Branch, Toronto. He enlisted from that Branch on May 19, 1941. He was reported missing November 3, 1943, after operations over Holland.

CHARLES MAXWELL MAIR (*The Bank of Nova Scotia*)—P/O, R.C.A.F. Born November 19, 1920, at Portage la Prairie, Man. Mr. Mair entered the service of the Bank on July 2, 1938, at Portage la Prairie. He enlisted from that Branch on November 15, 1941. Reported missing in December 1943, as a result of air operations overseas (North Africa).

FRANCIS PETER PEVERLEY MARSH, D.F.C. (*Imperial Bank of Canada*)—Flt. Lt. R.C.A.F. (See "Distinctions").

HARRY EDWARD MAYER (*The Canadian Bank of Commerce*)—Sgt. R.C.A.F. Born October 16, 1921, at Alberni, B.C., Mr. Mayer entered the service of the Bank on September 20, 1939, at Victory Square, Vancouver, B.C. Branch. He enlisted from Powell Street, Vancouver, B.C., Branch on February 6, 1941. He went overseas early in 1942. In August 1943 he was reported missing after air operations.

ALBERT DENNIS McCABE (*Bank of Montreal*)—W/O, R.C.A.F. Born January 12, 1922, at Richmond, Que. Mr. McCabe entered the service of the Bank on July 8, 1940, at McConnell Ave. and Montreal Road Branch, Cornwall, Ont. He enlisted from the same office on October 20, 1941. He was reported missing on December 30, 1943, following air operations.

GEORGE LLOYD McLAUGHLIN (*The Bank of Nova Scotia*)—P/O, R.C.A.F. Born July 4, 1917, at Cannamore, Ont., Mr. McLaughlin entered the service of the Bank on July 3, 1934, at Chesterville, Ont. He enlisted from Kemptville, Ont., Branch, on February 4, 1942. Reported missing after air operations overseas on November 18, 1943.

- BASIL MORGAN O'HARA (*The Canadian Bank of Commerce*)—Sgt., R.C.A.F. Born April 27, 1922, at Moose Jaw, Sask., Mr. O'Hara entered the service of the Bank on July 3, 1940, at Victory Square, Vancouver Branch. He enlisted from Kitsilano, Vancouver, Branch on August 30, 1941. He went overseas in 1943 and in November of that year was reported missing after air operations.
- HENRY ALBERT PARTRIDGE (*The Canadian Bank of Commerce*)—P/O, R.C.A.F. Born March 19, 1920, at Humboldt, Sask., Mr. Partridge entered the service of the Bank on August 2, 1939, at Watson, Sask. He enlisted from that Branch on April 7, 1941, and went overseas in 1941. He was reported missing on 5th March 1943 after a raid on Essen.
- HARRY ALAN PENNELL (*The Dominion Bank*)—W/O, R.C.A.F. Born May 30, 1914, at Oshawa. Entered the service of the Bank on July 4, 1929, at Oshawa. He enlisted on January 6, 1941, from Brooklin, Ont., Branch. He is reported missing "shot down during a bombing raid over Northern Italy."
- GEORGE VIVIAN VINCENT REID (*Imperial Bank of Canada*)—Sgt. Observer, R.C.A.F. Born 19th September 1921, at Bottrel, Alta. Entered the service of the Bank on 9th May 1940, at Calgary. He enlisted from Calgary Branch on 31st May 1941, proceeded overseas in late 1942, and was reported missing following air operations over enemy territory in mid-July 1943.
- KEITH EMERSON RIDDELL (*The Canadian Bank of Commerce*)—W/O2, R.C.A.F. Born January 10, 1919, at Montreal. Mr. Riddell entered the service of the Bank on February 7, 1938, at Sutton, Que. He enlisted from Waterloo, Que., Branch on June 18, 1941, and went overseas in 1942. In August 1943 he was reported missing after air operations over enemy territory.
- PHILIP CAMPION DIGBY RUSSELL (*Bank of Montreal*) — F/O, R.C.A.F. Born September 10, 1922, at Kelowna, B.C., Mr. Russell entered the service of the Bank on July 16, 1940, at Kelowna. He enlisted from Merritt Branch on August 31, 1941. He was reported missing in July 1943 following air operations.
- JOHN PRESSLY SCOTT (*Imperial Bank of Canada*)—Sgt., R.C.A.F. Born on 12th October 1921, at Montreal. Entered the service of the Bank on 26th June 1940, at Toronto. He enlisted from Toronto Branch on 23rd August 1941. He went overseas in 1942 and was reported missing on 21st December 1943, following air operations over Berlin.
- MORLEY VIVIAN SNOW (*The Bank of Nova Scotia*)—P/O, R.C.A.F. Born January 30, 1920, at Melville, Sask. Mr. Snow entered the service of the Bank on May 10, 1938, at Elmwood, Winnipeg Branch. He enlisted from the same Branch on February 5, 1941. He was listed as missing on January 18, 1944.
- DONALD BURTON STEWART (*The Dominion Bank*)—F/O, R.C.A.F. Coastal Command. Born January 17, 1920, at Mount Albert, Ont. Entered the Bank on February 21, 1938. He enlisted from that Branch to join the Irish Regiment on Sept. 21, 1940, and transferred to the R.C.A.F. in May 1941. He was reported missing on anti-submarine patrol several hundred miles out in the Atlantic on October 4, 1943.

- THOMAS THOMSON (*The Bank of Nova Scotia*)—P/O, R.C.A.F. Born September 25, 1912, at Moose Jaw, Sask. Mr. Thomson entered the service of the Bank on August 25, 1930, at Moose Jaw. He enlisted from Bank & Gladstone, Ottawa, Branch, on August 11, 1942. He was reported missing, believed drowned, in January 1944, following air operations.
- STANLEY EDGAR CROSBY THORN (*The Dominion Bank*)—F/O, R.C.A.F. Born December 20, 1916, at Victoria, B.C. Entered the Bank in October 17, 1935, at Victoria, B.C. He enlisted on April 30, 1941, from that Branch. Reported missing.
- JOHN ROBERT THURLOW (*The Canadian Bank of Commerce*)—P/O, R.C.A.F. Born April 2, 1911, at Marshall, Sask., Mr. Thurlow entered the service of the Bank on September 24, 1926, at Marshall. Enlisted from Victoria, B.C. Branch on July 21, 1941, went overseas in 1942, and was reported missing after air operations on June 21, 1943.
- WILLIAM DOUGLAS WARWICK (*The Dominion Bank*)—F/O, R.C.A.F. Born September 12, 1918, at Toronto. Entered the Bank November 10, 1936, at King and Yonge Sts. Branch, Toronto. He enlisted in May 1941 from City Hall Branch, Toronto. Went overseas in May 1942. F/O Warwick was one of the Canadian airmen who took part in the successful raids on the Mohne and Eder Dams in the German Ruhr. He is now reported missing after air operations overseas.
- FRANCIS WILLIAM WINTER (*The Dominion Bank*)—F/O, Lion Squadron. Born January 31, 1919, at Toronto. Entered the Bank at Yonge St. & St. Clair Ave. Br., Toronto, on February 27, 1939. He enlisted from that Branch on August 29, 1940. He is reported missing after operational flight over Berlin on November 18, 1943.

PRISONERS OF WAR

- JOHN SIDNEY ACHESON (*The Royal Bank of Canada*)—F/O, R.C.A.F. Born April 12, 1922, at Boissevain, Man. Entered the service of the Bank on October 11, 1939, at Winnipeg, Portage Avenue Branch, and enlisted from that Branch in August 1941. Reported a prisoner of war in Germany following air operations against the enemy in March 1943.
- ANDREW NORMAN BLACKMORE (*The Royal Bank of Canada*)—Sgt/Observer, R.A.F. Born May 24, 1918, at Moncton, N.B. Entered the service of the Bank on September 8, 1936, and enlisted in the R.C.A.F. in June 1940 while stationed at that Branch. Mr. Blackmore, after receiving his observer's wing at Rivers, Man., went overseas in January 1941 and was attached to the R.A.F. He was taken prisoner while serving with a bomber command in the Middle East.
- ROY ELLIOT CARTER (*The Royal Bank of Canada*)—P/O, R.C.A.F. (See "Distinctions".)
- ANGUS HENDERSON DEWAR (*The Royal Bank of Canada*)—Flt/Sgt., R.C.A.F. Born November 7, 1921, at Toronto, Ont. Mr. Dewar entered the service of the Bank on March 28, 1940, at Toronto, Jones & Gerrard Branch, and enlisted in May 1941, receiving his wings

at Dunnville, Ont., in February 1942. He participated in operations at Dieppe as a fighter pilot and was later reported missing after an air attack over Mateur, Tunisia, in January 1943. Now reported a prisoner of war.

DONALD MORTON GODARD (*The Royal Bank of Canada*)—Sgt./Gunner, R.C.A.F.—Born June 13, 1920, at Hamilton, Ont., Mr. Godard entered the service of the Bank on May 2, 1938, at Hamilton, Terminal Branch, and enlisted in June 1940. He was reported missing after air operations in December 1942 and is now reported a prisoner of war in Germany.

FRANK DOW GRANGER (*The Canadian Bank of Commerce*)—Sgt., R.C.A.F. Born April 25, 1916, at Nanaimo, B.C., Mr. Granger entered the service of the Bank on August 13, 1934, at the Commercial Drive, Vancouver, B.C., Branch. He enlisted from Powell River, B.C., Branch on October 24, 1941. He went overseas in 1942. Reported missing after air operations over Aachen, Germany, on 13th July 1943, and in August 1943 was listed a prisoner of war in Germany.

TRACY GORAM HARDING HATFIELD (*The Royal Bank of Canada*)—Flt/Sgt. R.C.A.F. Born September 6, 1919, at Tusket, N.S., Mr. Hatfield entered the service of the Bank on February 4, 1937, at Yarmouth, and enlisted in 1940 while stationed at Barrington Passage Branch. He was listed as missing on May 30, 1942, following air operations over Cologne and on June 17 was reported to be a prisoner of war.

ERSKINE CHARLES HOBBS (*The Dominion Bank*)—W/O 1, R.C.A.F. Born February 1, 1921, at North Bay, Ont. Entered the Bank on August 8, 1939, at Spadina Avenue and College Street Branch, Toronto. He enlisted in December 1940 from Bloor and Bathurst Streets Branch, Toronto. Was awarded the Pathfinders' Badge. Reported a prisoner of war in April 1943, following raid on Pilsen. He is now located at Stalag Luft VI which is situated near Königsberg, East Prussia.

KENNETH ARTHUR HOUGH (*The Royal Bank of Canada*)—Private, R.A.S.C. Born February 12, 1917, at Exeter, England, Mr. Hough entered the service of the Bank on November 2, 1936, at London, England, Branch and enlisted in February 1940, while stationed at London, West End Branch. Reported a prisoner of war at Camp Corinthia in Greece.

NORRIS EDMUND HUNT (*The Royal Bank of Canada*)—Sgt., R.C.A.F. Born September 13, 1920, at Ottawa, Ont., Mr. Hunt entered the service of the Bank on May 29, 1939, at Ottawa, Glebe Branch, and enlisted from that Branch in November 1940. Was listed as missing on June 2, 1942, and is now known to be a prisoner of war in Germany.

ARTHUR COLLINGWOOD PETLEY JONES (*Bank of Montreal*)—F/O, R.C.A.F. Born February 20, 1910, at Edmonton, Alta., Mr. Jones entered the service of the Bank on November 16, 1927, at Edmonton. He enlisted from Trochu Branch on December 20, 1941. Was reported missing on December 4, 1943, and is now a prisoner of war in Germany.

- WILLIAM ALEXANDER KELLY (*The Royal Bank of Canada*)—Private, Winnipeg Grenadiers, (M.G.), 1st Batt. Born June 1, 1920, at Roland, Man., Mr. Kelly entered the service of the Bank on July 16, 1937, at Roland and enlisted in February 1940 while stationed at that Branch. He served at Hong Kong until the capture of that city by the Japanese. His parents were advised on October 16, 1942, that he had been taken prisoner by the enemy.
- WILLIAM JOSEPH KLEIN (*Bank of Montreal*)—Sgt., R.C.A.F. Born June 1, 1918, at Stratford, Ont., Mr. Klein entered the service of the Bank at Stratford on May 25, 1937. He enlisted from Westinghouse Avenue Branch, Hamilton, on July 5, 1941. Was reported missing in May 1943 and is now a prisoner of war in Germany.
- GEORGE HENRY KERR (*The Royal Bank of Canada*)—Private, Essex Scottish Regiment. Born December 4, 1919, at Tousana, Alta., Mr. Kerr entered the service of the Bank on October 27, 1938, at Windsor, Ont., and enlisted from that Branch in September 1939 as a piper. He went overseas the following year and was reported a prisoner of war following operations at Dieppe.
- RONALD WILLIAM McNICHOL (*The Canadian Bank of Commerce*)—F/O, R.C.A.F. Born September 6, 1919, at Russell, Man., Mr. McNichol entered the service of the Bank on July 17, 1939, at Miami, Man. He enlisted from Winnipeg Branch on November 7, 1940. Went overseas in 1941. Was listed a prisoner of war in Italy in August 1942, but escaped when the Allies invaded that country.
- EDWARD ALEXANDER McQUARRIE (*The Canadian Bank of Commerce*)—Sgt., R.C.A.F. Born December 29, 1920, at Rainy River, Ont., Mr. McQuarrie entered the service of the Bank on June 22, 1938, at Yorkton, Sask. He enlisted from that Branch on May 22, 1941, and went overseas early in 1942. He was listed a prisoner of war in Germany in May 1943.
- ROBERT McDONALD MITCHELL (*The Royal Bank of Canada*)—F/O, R.C.A.F. Born July 15, 1918, at Winnipeg, Man., Mr. Mitchell entered the service of the Bank on May 28, 1937, at Regina, Sask., and enlisted from North Battleford Branch in December 1940. Listed as missing on June 21, 1942, after air operations over the Continent and is reported a prisoner of war in Germany.
- LAWRENCE REID MONTGOMERY (*Bank of Montreal*)—Flt/Lt., R.C.A.F. Born September 13, 1904, at Hawkesbury, Ont., Mr. Montgomery entered the service of the Bank on December 17, 1923, at Lachine, Que. Enlisted from the Ottawa Branch on November 15, 1940, and was reported missing in June 1943 after being unheard of from Batavia, Java, for over a year. Now a prisoner of war of the Japanese.
- HARRY WILSON NEWBY (*Imperial Bank of Canada*)—P/O, R.C.A.F. Born 21st January 1921, at Camrose, Alta. Entered the service of the Bank on July 17, 1940, at Wetaskiwin. Enlisted from that Branch on 19th September 1941. He went overseas early in 1943 and after being reported missing following air operations over enemy territory on 14th May 1943, is now reported prisoner of war in Germany, Stalag Luft III.

- GRENVILLE MARSHALL PARKINSON (*The Canadian Bank of Commerce*)—F/O, R.C.A.F. Born March 27, 1922, at Toronto, Mr. Parkinson entered the service of the Bank on March 30, 1938, at Head Office, Toronto. He enlisted from McCaul & Elm, Toronto, Branch, on August 23, 1941. Went overseas in 1942. Was reported missing in April 1943 when his plane failed to return from a raid on Stuttgart, Germany, and in October 1943 was reported a prisoner of war in Germany.
- WILLIAM JEFFREY PEAT (*The Royal Bank of Canada*)—P/O, R.C.A.F. Born October 19, 1919, at Fort William, Ont., Mr. Peat entered the service of the Bank on May 29, 1937, at Fort William, and enlisted from that Branch in June 1940. He was listed as missing following air operations over Germany and has since been reported a prisoner of war.
- WILLIAM CHARLES POOLE (*The Bank of Toronto*)—P/O, R.C.A.F. Born April 1, 1923, at Toronto, Mr. Poole entered the service of the Bank on July 15, 1940, at Dundas & Roncesvalles Avenue Branch, Toronto. He enlisted from Yonge & St. Clair Avenue Branch, Toronto, on March 15, 1942, and proceeded overseas in February 1943. In November 1943 Mr. Poole was reported missing after air operations but in January of this year a card received from him indicates that he is a prisoner of war in Germany.
- COLIN CLIFFORD POPE (*The Royal Bank of Canada*)—Sgt., Royal Rifles of Canada. Born October 29, 1916, at Carbon, Alta., Mr. Pope entered the service of the Bank on October 1, 1935, at Sherbrooke, Quebec, Branch, and enlisted in July 1940 while stationed at Montreal, Mt. Royal & St. Lawrence Branch. He took part in the operations at Hong Kong and has been listed as a prisoner of war.
- ARCHIE MELROSE REID (*Imperial Bank of Canada*)—Sgt./Observer, R.C.A.F. Born 2nd April 1912 at Maymont, Sask. Entered the service of the Bank on 3rd September 1929 at Maymont. He enlisted from Eckville, Alta., on 8th March 1941 and proceeded overseas early in 1942. On 8th March 1943 was reported missing after operations over enemy territory. Later in March 1943, International Red Cross reported Sgt. Observer Reid a prisoner of war in Germany, Stammlager VIII B.
- DANIEL JOSEPH ROBERTSON (*The Royal Bank of Canada*)—Sgt., R.C.A.F. Born January 12, 1915, at Cornwall, Ont., Mr. Robertson entered the service of the Bank on February 7, 1935, at Cornwall and enlisted from Montreal, Seigneurs Street Branch, in October 1940. He was reported missing after air operations over enemy territory and has been officially listed as a prisoner of war in Germany.
- KEITH JOSEPH ROSTANT (*The Royal Bank of Canada*)—Sgt./Pilot, R.A.F. Born February 11, 1921, at Port of Spain, Trinidad, Mr. Rostant entered the service of the Bank on January 16, 1939, at Port of Spain Branch and enlisted in November 1940 while stationed at that Branch. After preliminary training with the Trinidad Air Training Scheme he left for England in January 1941. He is reported a prisoner of war in Germany as a result of air operations over Tunisia.

WILLIAM HARRY STEPHENSON, D.F.M. (*The Royal Bank of Canada*)—P/O, R.C.A.F. Now reported a prisoner of war in Italy. (See "Distinctions".)

HAROLD ERWIN SULLIVAN (*The Royal Bank of Canada*)—P/O, R.C.A.F. Born September 14, 1917, at Elk Lake, Ont., Mr. Sullivan entered the service of the Bank on June 1, 1935, at Englehart, Ont., and enlisted in December 1940 while stationed at Toronto, Yonge & Richmond Branch. He was shot down on September 30 last while on submarine patrol and was one of two survivors of his crew picked up by an enemy patrol boat.

GEORGE JOSEPH SWEANOR (*The Royal Bank of Canada*)—F/O, R.C.A.F. Born November 7, 1919, at Sudbury, Ont., Mr. Sweanor entered the service of the Bank on February 15, 1939, at Napanee, Ont., and enlisted in August 1941 while stationed at Belleville Branch. He received his wing at Mountain View, Ont., on February 28, 1942, and proceeded overseas shortly after. Officially reported a prisoner of war as a result of air operations over Germany.

ALBERT WILLIAM THOMPSON (*Bank of Montreal*)—F/O, R.C.A.F. Born June 1, 1921, at Stratford, Ont., Mr. Thompson entered the service of the Bank on June 24, 1940, at London, Ont. He enlisted from the same office on August 28, 1941. Was reported missing in June 1943 following air operations and is now a prisoner of war in Germany.

LLOYD ALEXANDRA WATT (*The Royal Bank of Canada*)—Cpl., R.C.C.S. Born January 15, 1923, at Montreal, Mr. Watt entered the service of the Bank on February 13, 1936, at Montreal Branch and enlisted in August 1939 while stationed at that Branch. He took part in operations at Dieppe and is now reported a prisoner of war in Germany.

DISTINCTIONS

EDWARD SUDBURY ALEXANDER, D.F.M., D.F.C. (*The Dominion Bank*)—Sqdn. Ldr., Squadron 419, R.C.A.F. Born August 11, 1920, in England. Mr. Alexander entered the Bank on April 19, 1939, at Vancouver, B.C. He enlisted from Vancouver Branch in August 1940. He was reported in the 1943 *Canadian Banker* as having received the D.F.M. Since then he has received promotion to Squadron Leader and has been awarded the D.F.C. He was reported missing in January 1944—no further details yet available.

JAMES DAVID BELL, D.F.C. (*The Dominion Bank*)—Flt. Lt., R.C.A.F. attached R.A.F. overseas. Born April 10, 1916, at Montreal. Entered the Bank March 20, 1935, at Bleury St. Branch, Montreal. He enlisted from Saint John, N.B., Branch, in May 1941 and went overseas in May 1942. He was in action over Germany and was awarded the D.F.C. The citation reads: "This officer is a navigator of high merit. He has completed a large number of sorties and his efforts have contributed much to the successes obtained. On a recent occasion during a flight to Berlin an electrical storm was encountered. Displaying great skill, he unerringly guided his pilot to the target which was successfully bombed. This officer has displayed commendable courage and resource."

DONALD ASHTON BERESFORD, D.F.C. (*The Bank of Nova Scotia*)—F/O, R.C.A.F. Born October 7, 1911, at Saint John, N.B. Mr. Beresford entered the service of the Bank on July 2, 1929, at Ottawa Branch. He enlisted from Toronto Branch on October 19, 1940. Awarded the Distinguished Flying Cross in July 1943.

ROY ELLIOT CARTER (*The Royal Bank of Canada*)—P/O, R.C.A.F. Born February 20, 1916, at Victoria, B.C., Mr. Carter entered the service of the Bank on January 14, 1935, and enlisted in March 1939, while stationed at Quesnel Branch. He was "Mentioned in Despatches" for meritorious service and bravery in May last. Through the International Red Cross he is reported a prisoner of war in Germany.

JAMES BARRY CLEVELAND, D.F.C. (*The Dominion Bank*)—Flt. Lt., R.C.A.F. Born November 30, 1915, at Toronto. Entered the Bank December 5, 1933, at Yonge and Hayden Sts. Branch, Toronto. He enlisted from Guelph, Ontario, Branch in July 1940 and went overseas early in 1941. He was awarded the D.F.C.; the citation reads: "This officer has a fine operational record of attacks on many major targets. His ability as a navigator has enabled his crew to attack in the allotted time on all sorties and has frequently been instrumental in bringing damaged aircraft back to base. Flight-Lieutenant Cleveland has acted as squadron navigation officer for some months and in that capacity has been particularly successful in developing new crews. His work in the air and on the ground has been outstanding."

PETER WOODROW DENNIS, D.F.M. (*The Bank of Nova Scotia*)—Flt. Sgt., R.C.A.F. Born August 10, 1923, at Fort William, Ont. Mr. Dennis entered the service of the Bank on November 18, 1940, at Fort William. He enlisted from the same Branch on November 12, 1941. Awarded the Distinguished Flying Medal, the citation reading: "Flight Sergeant Dennis has completed numerous sorties and has displayed great skill and determination and devotion to duty. One night in November 1943, he piloted an aircraft detailed to attack Berlin. Whilst over the target area his aircraft was attacked on three occasions by enemy fighters. Nevertheless he skilfully evaded the enemy aircraft and successfully attacked the target, afterwards flying his badly damaged aircraft to base. His effort was highly commendable."

LOUIS BILLINGS ELWIN, A.F.C. (*Bank of Montreal*)—Sqn. Ldr., R.C.A.F. Born February 2, 1913, at Victoria, B.C., Mr. Elwin entered the service of the Bank on March 25, 1929, at Regina, Sask. He enlisted from the Port Arthur, Ontario, Branch, on May 11, 1940. In April 1943 he was awarded the Air Force Cross for his outstanding contribution in the training of pilots. He is a well-known member of the Winnipeg Rowing Club and while at Port Arthur played hockey with the "Bearcats".

JAMES MacMURRAY HAY (*Bank of Montreal*)—Lt., R.C.N.V.R. Born September 1, 1919, at Saint John, N.B., he entered the service of the Bank on July 6, 1937, at Saint John. He enlisted from Haymarket Square Branch, Saint John, on May 1, 1941. He was "Mentioned in Despatches" in the King's Birthday Honours List. The citation reads:

"This officer has shown outstanding efficiency and devotion to duty for eighteen months while serving in one of His Majesty's Canadian destroyers. During a wolf pack attack by U-boats on a North Atlantic convoy, his work as anti-submarine control officer was invaluable."

WALTER CHARLES JACKSON, D.F.M. (*Imperial Bank of Canada*)—
Flt. Sgt., R.C.A.F. Born on 25th June 1919, at St. Catharines, Ont. Entered the service of the Bank on 12th July 1939, at Edmonton Branch. He enlisted from Edmonton Branch on 3rd October 1941. He went overseas in late 1942, and in November 1943 it was announced that he had been awarded the D.F.M.

JOHN DOUGLAS JOHNSTON, D.F.C. (*The Bank of Nova Scotia*)—
F/O, R.C.A.F. Born March 25, 1919, at River Hebert, N.S. Mr. Johnston entered the service of the Bank on March 22, 1937, at River Hebert. He enlisted from Hillsborough, N.B. Branch on June 21, 1940. Awarded the Distinguished Flying Cross in May 1943.

FRANCIS PETER PEVERLEY MARSH, D.F.C. (*Imperial Bank of Canada*)—
—Flt. Lt., R.C.A.F. Born 11th June 1918 at Toronto. Entered the service of the Bank on 30th June 1937, at King and Spadina Branch, Toronto. He enlisted from Kirkland Lake Branch on 1st July 1940, proceeded overseas early in 1941, and was reported missing in late August 1943, following air operations over enemy territory. Flt. Lt. Marsh is the son of F. Hedley Marsh, President, The Bank of Toronto, and was awarded the D.F.C. in June 1941, for bravery.

ARTHUR ALURED MELLIN, D.F.M. (*Bank of Montreal*)—W/O 2, R.C.A.F. Born December 8, 1917, at Duncan, B.C., Mr. Mellin entered the service of the Bank on February 1, 1937, at Port Alberni. He enlisted from Prince Rupert Branch on June 24, 1941. Early in 1943 he was awarded the D.F.M. for his courage in navigating a burning plane safely home despite his wounds. The account of this exploit follows: "While flying a Halifax bomber at less than one thousand feet they were attacked from behind and below by an enemy fighter. The rear gunner and flight engineer were killed. Bullets and incendiaries came through the plane and the pilot ordered the crew to bail out but was not heard because the inter-communication system had been damaged. The plane dived to within four hundred feet of the sea before it was straightened out and then the crew noticed a fire in the bomb bay. The mines could not be released because the mechanism had been jammed when the plane was attacked. Mellin took over part of the flight engineer's job, returned to his navigator's table and worked out the course to England. Notwithstanding the damage to the wing flaps, the absence of the rear wheel and a load of mines that were liable to blow up at any moment, the plane was safely landed."

ARTHUR WELLINGTON MURDOCK (*Bank of Montreal*) — Sgt., R.C.A.F. Born October 26, 1921, at Spencerville, Ont., he entered the service of the Bank on April 4, 1939, at Cornwall. He enlisted from the same office on February 10, 1941. Early in 1943 he was "Mentioned in Despatches" for conspicuous bravery in flight operations on the Tunisian Front.

ALLAN MacPHERSON OGILVIE, D.F.C. & Bar (*Bank of Montreal*)—Flt. Lt., R.C.A.F. Born March 7, 1921, at Grand Falls, Nfld., Mr. Ogilvie entered the service of the Bank on August 9, 1937, at Grand Falls, Nfld. He enlisted from the same office on August 23, 1940. In *The Canadian Banker* of 1943 his award of the D.F.C. was reported on page 82. In March 1943 he was reported missing but turned up later in Spain and escaped to England via Gibraltar. In July 1943 he was awarded a bar to his Distinguished Flying Cross.

ERIC WESLEY PATTESON, D.F.C. (*The Canadian Bank of Commerce*)—F/O, R.C.A.F. Born June 24, 1921, at Winnipeg, Mr. Patteson entered the service of the Bank on May 16, 1940, at Moose Jaw, Sask. He enlisted from that Branch on May 27, 1941. He went overseas in 1942. He was awarded the Distinguished Flying Cross which was accompanied by the following citation: "P/O Patteson has participated in the daylight raid on LeCreusot and in numerous bombing sorties. A number of these were against heavily fortified industrial centres in the Ruhr and in Italy. As an operational bomb aimer he has displayed outstanding skill in locating and attacking difficult targets undeterred by heavy ground defences. In July 1943 he displayed great skill when bombing a very small target, a transformer station in northern Italy."

JAMES PLOMER, D.S.C. (*Bank of Montreal*)—Lt.-Cmdr., R.C.N.V.R. Born August 5, 1911, at Bexhill, Sussex, England. He entered the service of the Bank on November 16, 1928, at Winnipeg. He enlisted from Saint John, N.B., Branch on September 2, 1939, and has been on loan to the Royal Navy for the duration of the war. In November 1943 he was awarded the Distinguished Service Cross for "gallantry and outstanding service in action with enemy submarines". He has been in command of H.M.S. *Mull* and latterly H.M.S. *Sunflower*.

BRYAN ALBERT QUINLAN, D.F.C. (*The Dominion Bank*)—P/O, R.C.A.F. Born September 24, 1922, at Eastham, England. Entered the Bank on May 20, 1940, at Edmonton. He enlisted from Edmonton Branch in May 1941. He was awarded the D.F.C., which was won in air operations over the Mediterranean some time during September 1943.

DAVID RAMSAY, D.F.C. (*Bank of Montreal*)—Flt. Lt., R.C.A.F. Born December 30, 1920, at Dysart, Sask. He entered the service of the Bank on July 5, 1939, at Port Alberni, B.C. He enlisted from the same office on August 23, 1941. In December 1943 he was awarded the Distinguished Flying Cross for outstanding leadership in air operations over enemy territory.

EDWARD LAPAGE ROBINSON, D.F.C. (*Bank of Montreal*)—Flt. Lt., R.C.A.F. Born April 17, 1910, at Vancouver, B.C., Mr. Robinson entered the service of the Bank on June 1, 1928, at Cordova Street East Branch, Vancouver. He enlisted from the Marine Building Branch in the same city on April 26, 1941. He was killed during air operations on the Atlantic Coast early in October 1943, and was buried in Newfoundland. He was posthumously awarded the Distinguished Flying Cross. The citation states: ". . . This officer carried out numerous operational sorties during the past year and showed himself to be a most capable and skilful pilot. While on an operational sweep recently,

he sighted an enemy submarine which was surfacing. Flight Lieutenant Robinson manoeuvred into position and was able to carry out a perfect attack which, it is believed, destroyed the submarine. His excellent work inspired confidence in his crew."

ALFRED GEORGE ROWE, D.F.C. (*The Bank of Nova Scotia*)—F/O, R.C.A.F. Born March 24, 1920, at Toronto. Mr. Rowe entered the service of the Bank on October 5, 1937, at College and Bathurst, Toronto, Branch. He enlisted from the same Branch on May 2, 1941. Awarded the Distinguished Flying Cross in August 1943, the citation reading in part: "Has displayed gallantry and devotion to duty in the face of the heaviest opposition, has set up an excellent operational record."

HOWARD LAUN SAUNDERS, D.F.C. (*Imperial Bank of Canada*)—Sqdn. Ldr., R.C.A.F. Born on 25th May 1920, at Midale, Sask. Entered the service of the Bank on 20th November 1939, at Weyburn, Sask. He enlisted from Rockglen Branch, Sask., on 24th March 1941, went overseas early in 1942 and has been awarded the D.F.C. with the following citation: "Squadron Leader Saunders has proved himself to be an excellent pilot and has displayed outstanding coolness and tenacity. In March 1943 whilst raiding Essen his aircraft was attacked by two fighters. Later severe damage was sustained from anti-aircraft fire. Despite these harassing incidents Sqdn. Ldr. Saunders continued and completed his mission. He has at all times displayed high courage and determination."

WILLIAM HARRY STEPHENSON, D.F.M. (*The Royal Bank of Canada*)—F/O, R.C.A.F. Born December 2, 1917, at Belleville, Ont., Mr. Stephenson entered the service of the Bank on July 25, 1935, at Belleville and enlisted in July 1940 while stationed at Warkworth Branch. A period of his service has been aboard H.M.S. *Ark Royal* and he has been officially credited with four enemy planes shot down and three damaged. The citation covering his award of the D.F.M. reads in part: "This airman has always displayed exceptional keenness to engage the enemy and the highest resourcefulness and courage while in the air. His gallantry and devotion to duty have been a fine example to all members of his squadron." F/O Stephenson is now reported to be a prisoner of war in Italy.

GEORGE LINDSAY VOGAN, D.F.C. (*The Canadian Bank of Commerce*)—P/O, R.C.A.F. Born August 21, 1918 in Wellesley Township, Ont., Mr. Vogan entered the service of the Bank on November 18, 1937, at Atwood Ont. He enlisted from Ayr, Ont. Branch on July 21, 1941. He went overseas in 1942. He was awarded the Distinguished Flying Cross in December 1943 having "completed many successful operations against the enemy in which he displayed high skill, fortitude and devotion to duty."

HAROLD ALLEN WALKER, D.F.C. (*The Bank of Nova Scotia*)—F/O, R.C.A.F. Born May 25, 1915, at Hartington, Ont., Mr. Walker entered the service of the Bank on September 18, 1933, at Harrowsmith, Ont. He enlisted from Shawville, Que., Branch on September 12,

1940. Awarded the Distinguished Flying Cross in January 1943. (Mr. Walker's name (with citation) appeared on last year's list as Warrant Officer—see p. 83.)

JAMES ELSLIE WALKER, D.F.C. and 2 Bars (*The Canadian Bank of Commerce*)—Wing Cmdr., R.C.A.F. Born April 4, 1919, at Claresholm, Alta., Mr. Walker entered the service of the Bank on August 17, 1936, at Edmonton, Alta. He enlisted from South Edmonton, Alta., Branch on May 10, 1940. He was awarded a second bar to the Distinguished Flying Cross and was the first member of the R.C.A.F. to win the D.F.C. three times. His citation for the second bar states: "Squadron Leader Walker assumed command of this squadron at a difficult period and his fine leadership and excellent example were responsible for bringing it to its present very high standard of efficiency. He has been largely instrumental for the many successes achieved by the squadron and has himself destroyed at least four enemy aircraft and damaged others."

DONALD CAMERON WILSON, D.F.C. (*Imperial Bank of Canada*)—Flt. Lieut., R.C.A.F. Born on 3rd June 1920, at Toronto. Entered the service of the Bank on the 29th November 1939 at Toronto Branch. He enlisted from Toronto Branch on the 2nd July 1940, and went overseas in 1941. Having made sixty-two operational flights over Europe and Africa, he has been awarded the D.F.C., and recently returned to Canada on leave and for instructional duty.

The Annual Meeting, 1943

Proceedings of the Annual General Meeting of The Canadian Bankers' Association, held in the Board Room of Banque Canadienne Nationale, Montreal, on Thursday, Nov. 11, 1943.

Representatives of all member banks were present.

The President's address to the meeting appears elsewhere in this issue.

Reports from the Subsections and committees were read and approved and the meeting directed that appreciation of the valued assistance given during the past year be communicated to those concerned. Extracts from the reports are appended.

Officers for the ensuing year are listed in the opening pages of this issue of THE CANADIAN BANKER.

Mr. Burns expressed the profound gratification of all present to Mr. St. Pierre for the most acceptable manner in which he had presided over the Association's deliberations. The retiring President expressed his appreciation of what had been said and thanked all for their co-operation and support.

EXTRACTS FROM THE SECRETARY'S REPORT

Dominion Government Financing

FOURTH VICTORY LOAN

The \$1,100,000,000 objective of the Fourth Victory Loan for which books were open from April 26 to May 15 last was over-subscribed by over \$208 millions. The issues were:

14-year 3% bonds due 1st May 1957, and
3½-year 1¾% bonds due 1st November 1946.

The long term bonds are callable in or after 1954; the issue price of each was 100.

As previously, a committee of senior officials and the bank routine committee assisted the National War Finance Committee in making preparations for the Loan, and the Public Relations Adviser assisted in publicity throughout the campaign.

FIFTH VICTORY LOAN

The Fifth Victory Loan objective of \$1,200,000,000 was the greatest in the history of the Dominion.

Arrangements with the banks followed closely those approved for the preceding loan and as any variations in procedure could evidently be made by correspondence the customary meetings of the assistant general managers and the bank routine committees were not required.

The campaign was launched October 15 last, the books remaining open until November 6. There were two maturities:

15-year-and-2-months 3% bonds due 1st January 1959, and
3½-year 1¾% bonds due 1st May 1947.

The long term bonds are callable in or after 1956. The issue price of each was 100.

For this loan also the services of the Public Relations Adviser were made available to the National War Finance Committee.

Dominion Government Matters

WAR SAVINGS CERTIFICATES AND STAMPS

The banks have continued their co-operation in the sale of War Savings Certificates and Stamps. They are making over-the-counter sales, debiting accounts under the bank pledge plan, displaying posters, distributing material, making reports to local units and generally doing what they can to encourage their sale.

ENCASHMENT OF DOMINION GOVERNMENT CHEQUES

The encashment of cheques for assigned pay, dependents' allowances, pensions and war veterans' allowances is now permitted on any of the three business days immediately preceding the date of the cheques.

Wartime Prices and Trade Board

RATION COUPON BANKING

Meetings with bank representatives, called at request of Mr. L. B. Unwin, Administrator of Consumer Rationing, at the close of 1942 and early in the present year, followed by a careful study of the banks' facilities for handling ration coupon banking, resulted in the banks being requested to undertake this special work commencing March 1, 1943. Provision was made for priorities to enable acquisition of additional staff and office machinery in keeping with the necessities of this new function of the banks.

A special committee appointed by the President collaborated in devising routine and preparing instructions for branches. A tribute to their endeavours is the facility with which ration coupon banking was inaugurated and has continued with a minimum of difficulties.

LOANS FOR SUMMER STOCKING OF COAL, COKE, ETC.

Although this plan was not availed of to any great extent in 1942 the Coal Administrator desired to reinstate it in 1943, and the banks were willing to co-operate. The proportion covered by the guarantee was reduced and the maximum guarantee was fixed at \$500,000 compared with \$5,000,000 the previous year.

LUMBER INDUSTRY ASSISTANCE

Commodity Prices Stabilization Corporation Limited has continued in effect for 1943/44 logging and lumbering operations the loan plan initiated last year with some variation designed to increase use of the plan by producers.

CONSUMER MILK SUBSIDY

The banks agreed to the request of the Commodity Prices Stabilization Corporation Limited to undertake payment through their branches of the milk subsidy resulting from reduction by 2¢ a quart of the price of fluid milk sold for human consumption. Payment of these subsidies through the banks commenced last January.

General Legislation

MICROPHOTOGRAPHY OF BANK RECORDS

The Commissioners on Uniformity of Laws at their August meeting approved the form of a revised amendment to The Evidence Act for recom-

mendment to the Dominion Parliament and all legislatures, which would broaden the scope of the provision to include all corporations and others who microphotograph and destroy as an established routine all records which have been treated as non-current for six years or more.

ALBERTA DEBT ADJUSTMENT ACT, 1937

At the time of the meeting last year the appeal of the Province of Alberta from the judgment of the Supreme Court of Canada declaring this Act invalid was being heard in England. The Judicial Committee dismissed the appeal of the Province.

MUNICIPAL DISTRICT AMENDMENT ACT, 1941

The Supreme Court of Canada held constitutionally valid section 31 of the above Act dealing with tax liens on crops.

EXTRACTS FROM THE REPORT OF THE EDITING COMMITTEE

The meeting had before it the report of the Editing Committee, which read:

"As directed by the meeting of the Executive Council held on the 18th June 1942, only a token issue of THE CANADIAN BANKER was published in 1943, in order to conserve manpower and materials. It appeared as Volume 50, containing all the usual features, and was mailed without charge to all names on THE CANADIAN BANKER's mailing list as at July 1942. The edition comprised 7,860 copies, some of which were sent by individual banks to the families of members of their staffs whose names appeared in the Honour Roll of the banks, published in that volume. Receipt of this edition by these families appears to have been appreciated."

REPORT OF THE COMMITTEE ON EDUCATION

The report of the Committee read:

"The following table shows comparative figures of graduations and enrolments in the banking courses:

GRADUATIONS

	1941-42			1942-43			1914-43		
	Pass	Hon-ours	Total	Pass	Hon-ours	Total	Pass	Hon-ours	Total
FELLOWS' COURSE									
From chartered banks...	27	8	35	10	—	10			
Others.....	2	—	2	2	—	2			
			<u>37</u>			<u>12</u>	<u>1,017</u>	<u>161</u>	<u>1,178</u>
SUPPLEMENTARY COURSE									
From chartered banks...			1			2*			
Others.....			—			—			
			<u>1</u>			<u>2</u>			
ASSOCIATES' COURSE									
From chartered banks...	69	16	85	33	3	36			
Others.....	—	—	—	—	—	—			
			<u>85</u>			<u>36</u>	<u>3,374</u>	<u>1,146</u>	<u>4,880</u>

* International Economic Relations

ENROLMENTS

	<i>Fellows' Course</i>		<i>Supplementary Course</i>		<i>Associates' Course</i>	
	1942-43	1943-44	1942-43	1943-44	1942-43	1943-44
TO NOVEMBER 1						
NEW ENROLMENTS:						
From chartered banks	14	9	—	2	80	35
Others.....	—	2	—	—	1	1
PREVIOUSLY ENROLLED, REGISTERED FOR CUR- RENT YEAR:						
From chartered banks..	60	40	7	8	195	108
Others.....	2	2	1	1	1	4
	<u>76</u>	<u>53</u>	<u>8</u>	<u>11*</u>	<u>277</u>	<u>148</u>
TOTAL ENROLMENTS FOR SEASON:	1941-42	1942-43	1941-42	1942-43	1941-42	1942-43
From chartered banks..	121	90	8	8	541	218
Others.....	3	3	1	1	1	4
	<u>124</u>	<u>93</u>	<u>9</u>	<u>9</u>	<u>542</u>	<u>222</u>

* International Economic Relations

REVISION OF BANKING COURSES

The Acting Director of Banking Courses, Queen's University, suggested during the year that the present time, when activities in the banking courses are at low ebb, would seem opportune to undertake a comprehensive review of the courses as they have operated for the past thirty years, so that they may be in good order when the war ends and registration increases.

In the natural course of events the period immediately following the close of hostilities is likely to witness important changes. It is quite possible that some of these will affect our present banking systems and practices. This being the case it would mean that if a revision were undertaken now quite a lot of the work might have to be done over again within a short time. Taking this into consideration your Committee feel that it would be advisable to carry on as at present until at least a year or two after the end of the war.

BANKING COURSES: PRISONERS OF WAR

Through the Canadian Legion Educational Services, Ottawa, the courses in banking are now available to members of the Canadian armed forces who are prisoners of war.

In reply to an enquiry, the English Institute of Bankers has been informed that members of the Canadian armed forces now prisoners of war, who before enlistment were employed by a Canadian chartered bank or by certain Canadian financial institutions, and who pass the examinations in Parts I and II of the English Institute of Bankers during their internment, will be accorded equivalent standing in the banking courses sponsored by this Association, except that in the Fellows' Course, which is practically the equivalent of Part II of the English Course, the student will be required eventually to take the Canadian examination in Practical Banking.

BANKING COURSES: MEMBERS OF ARMED FORCES
OTHER THAN CANADIAN, TRAINING IN CANADA

The courses in banking sponsored by this Association have been made available, upon request and upon payment of the usual fees, to those of this group who prior to the war were employed by a British bank."

EXTRACTS FROM THE REPORTS OF THE SUBSECTIONS

During the year ended last June the affairs of the Western Subsection were conducted under the chairmanship of Mr. A. F. McAlpine, Supervisor of Manitoba Branches, The Royal Bank of Canada. Mr. R. K. Beairsto, Assistant General Manager, The Dominion Bank, was elected Chairman for the year commencing June 1943, with Mr. F. W. Ross, Assistant General Manager, The Bank of Nova Scotia, as Vice-Chairman. It may be noted that due to Mr. McAlpine being engaged on special duties with the Dominion Government for several months early in 1943, Mr. Beairsto acted as Subsection Chairman for these few months prior to the elections of last June.

The Thirtieth Annual General Meeting of the Pacific Subsection, was held on March 4, 1943, and the following officers for the year were elected:

Chairman:

C. W. JONES

Vice-Chairman:

W. McDONNELL

Executive Council:

A. C. TURNER, B. O. MOXON

J. G. PENNEY, W. M. SELLENS.

Legal Decisions

JUDICIAL COMMITTEE OF THE PRIVY COUNCIL

*Before Lord Russell of Killowen, Lord Wright, Lord Porter,
Sir George Rankin, Sir Madhavan Nair*

SYNDIC IN BANKRUPTCY OF NASRALLAH KHOURY V. KHAYAT

(1943) 2 All England Law Reports, 406

Privy Council—Palestine—Money—Currency—Promissory notes
payable in Turkish gold pounds—Paid in Palestinian currency—
Date for calculating exchange.

APPEAL in an action claiming moneys due on certain promissory notes. The facts are fully set out in the following judgment of the Board, delivered by LORD WRIGHT:

"This is an appeal from a judgment of the Supreme Court of Palestine, sitting as a court of civil appeal, delivered on April 24, 1940, confirming a judgment of the district court of Haifa dated January 17, 1940.

The respondent who was resident in Jezzin, Syria, commenced the action on October 27, 1937, claiming 2,347 Turkish gold pounds as due upon three promissory notes. One disputed issue is whether these three instruments were or were not promissory notes. One was for 2,000 Turkish gold pounds and matured on May 23, 1930, the second was for 300 Turkish gold pounds and matured on May 23, 1930, the third was for 47 Turkish gold pounds and matured on October 21, 1929.

The appellant who is the syndic in the bankruptcy of the firm S. N. Khoury, merchants of Haifa, Palestine, did not deny the execution of the instruments but contended that they were not promissory notes but undertakings to deliver certain commodities, namely, the quantity of bullion represented by the specified Turkish gold coins or the corresponding number of Turkish notes; he resisted the claim for interest; he further contended that the rate of exchange to be applied to the moneys due should be as at the dates of maturity of the instruments, and not, as the respondent alleged, at the actual dates of payment (i.e., between 1934 and 1937).

The Supreme Court, affirming the district court, held that the instruments were promissory notes and that interest was payable from the dates of maturity, but not beyond the date of the adjudication in bankruptcy. The court further held that the dates of payment of the notes were the dates at which the exchange was to be taken."

After pointing out that fluctuations in the exchange rate of Palestine currency in terms of Turkish gold pounds between the maturity dates of the notes and the dates of actual payments made meant a considerable difference in the balance due, according to what dates governed, the judgment proceeds:

"Their Lordships will deal with the questions of principle which arise on the judgments appealed from.

On the first question, whether the instruments in suit were promissory notes or undertakings to purchase a commodity, that is, either gold or Turkish notes taken at their gold value, their Lordships agree with the judgments of the courts below. The form of the instruments is obviously that of promissory notes. The first as translated from the Arabic runs simply:

'On May 23, 1930, I shall pay to the order of Mrs. Mary Khayat of Jezzín the sum specified above (that is, in the heading) i.e., two thousand gold Turkish pounds. Value received in cash, Haifa, October 11, 1929.'

It is signed by the appellant, and duly stamped. The others are *mutatis mutandis* in identical terms.

What seems to be relied on by the appellant is the description of the subject-matter of the obligation as 'gold Turkish pounds.' It is contended that Turkish gold coins are not currency in Palestine; however, it is clear that they are currency in Turkey and Syria, where the respondent was resident. Syria was at the material times a former Turkish territory mandated to the French. A promise to pay a sum expressed in Turkish money, made in Palestine, is not outside any of the recognized definitions of a promissory note. It is a promise to pay in a currency even though it is not that of the country where the note is made or payable. It is very common to have bills of exchange in a currency foreign as regards one of the parties or as regards the place where the bills are issued or payable. Generally in that case one of the parties is in the country in which the stipulated unit of account (such as pound or dollar) is in current use and payment is to be made in that country. It is true that, in proceedings to enforce payment, the debt, being expressed in foreign currency, must be translated into the corresponding amount of the local currency if judgment is to issue. But all the same the promise is a promise to pay money. What is peculiar here is that the note is both made and payable in Palestine, so as to make it appear strange that Turkish currency is chosen. But then the payee is resident in Syria where the unit of account in use is Turkish. In their Lordships' judgment the three instruments are promissory notes.

Nor were the notes any the less negotiable instruments because of the word 'gold.' That word does not here import an obligation to deliver gold or pay in gold. What it does is to import a special standard or measure of value. This special measure of value may be described sufficiently, though not with precise accuracy, as being the value which the specified unit of account would have if the currency was on a gold basis. It is equivalent to a gold clause. 'Such clauses' were said by LORD MAUGHAM in *R. v. International Trustee for Protection of Bondholders* at p. 562 ((1937) 2 All E.R., at p. 184), to have been:

... intended to afford a definite standard or measure of value, and thus to protect against a depreciation of the currency and against the discharge of the obligation by a payment of lesser value than that prescribed.

Gold clauses were discussed and explained by the House of Lords in the opinion delivered by LORD RUSSELL OF KILLOWEN in *Feist v. Société Intercommunale Belge d'Electricité*, (1934) A.C. 161, (41 C.B.A. Jl. 398). Such clauses often specify a standard of value based on a particular weight and fineness of gold. In this case it is taken without objection that the Turkish gold pound has an established value. The distinction between the Turkish pound and the Turkish gold pound was illustrated in *Ottoman Bank of Nicosia v. Chakarian* (1938) A.C. 260. In that case a contract which included an obligation to pay in Turkish pounds had been made at a time when Turkey was on the gold standard. Before the date when payment became due Turkey went off gold and the pound depreciated. It was held that the payee was only entitled to be paid at the depreciated rate and could not claim to be paid in gold pounds, that is, in undepreciated currency.

In their Lordships' opinion the courts in Palestine were right in holding that the three instruments were promissory notes . . . in particular because the notes were unconditional promises to pay a sum certain in money.

Their Lordships think that the appeal fails on this issue and the respondent is, therefore, entitled to interest from the date of maturity, though the interest will not run beyond the date of adjudication.

There remains the more serious question which is: At what dates must the rate of exchange be calculated? There can, their Lordships apprehend, be now no doubt as to the English law on this point. It is true that different views have been taken at different times and by different systems of law. Indeed, there are at least four different alternative rules which might be adopted. The rate of exchange might be determined as at the date at which payment was due, or at the date of actual payment, or at the date of the commencement of proceedings to enforce payment, or at the date of judgment. English law has adopted the first rule, not only in regard to obligations to pay a sum certain at a particular date, but also in regard to obligations the breach of which sounds in damages, as for an ordinary breach of contract, and also in regard to the satisfaction of damages for a wrongful act or tort. The general principles on which that rule has been based are explained by the Court of Appeal in *Di Ferdinando v. Simon, Smits & Co.* (1920) 3 K.B. 409, a case of an ordinary breach of contract. The rule, however, was established many years before then. It was again enunciated by the House of Lords in *SS. Celia v. SS. Volturno* (1921) 2 A.C. 544, where the claim was for damages in tort consequent on a collision. It was there contended that the date of the judgment was the proper date for translating the Italian currency in which the damages were assessed into English currency capable of being put into the judgment of an English court, and some reference was made to different views expressed in the United States. LORD SUMNER, however, holding that the date when the obligation accrued was the date of the breach and that it was at that date that the exchange was to be taken, said, at p. 555:

The agreed numbers of lire are only part of the foreign language in which the court is informed of the damage sustained, and, like the rest of the foreign evidence, must be translated into English. Being

a part of the description and definition of the damage, this evidence as to lire must be understood with reference to the time when the damage accrues, which it is used to describe.

This can be applied directly to a case where the damage claimed arises from failure to pay a sum in foreign currency, like the Turkish gold pounds here. It is true that LORD SUMNER does not deal specifically with and seems to reserve the question of what is the rule where there is a contractual obligation for the payment of fixed or calculable sums in a foreign place and (their Lordships would prefer 'or') in a local currency. He does, however, observe, at p. 558, that:

Waiting to convert the currency till the date of judgment only adds the uncertainty of exchange to the uncertainty of the law's delays.

At p. 548 LORD BUCKMASTER rejects summarily the idea that the date of the writ or of the commencement of the action is the proper date. His view, in their Lordships' opinion, is summed up by his statement on p. 549 that, in regard to damages which have been

. . . assessed in a foreign currency the judgment here, which must be expressed in sterling, must be based on the amount required to convert this currency into sterling at the date when the measure was properly made, and the subsequent fluctuation of exchange, one way or the other, ought not to be taken into account.

In the case of bills of exchange (which include promissory notes) the English *Bills of Exchange Act, 1882, s. 72 (4)* enacts that the amount of the foreign currency is to be translated into United Kingdom currency according to the rule of exchange for sight drafts at the place of payment on the day the bill is payable. The Act was a codifying Act and did not purport to change the law, but to declare it, and the Palestine Ordinance expressly states that it declares the law. It is true that the Act and Ordinance state the rule as being applicable to bills drawn out of and payable in the United Kingdom or Palestine as the case may be, but not expressed in the currency of the United Kingdom or Palestine. But their Lordships think that the essence of the rule applies in a case where the sum is not expressed in the United Kingdom or Palestine currency, and is payable in the United Kingdom or Palestine. Their Lordships accordingly consider the Ordinance to involve an authoritative declaration of the proper rule to apply to the calculation of the exchange in a case like this. Nor do their Lordships think it necessary to consider whether the Ordinance (see sect. 72 (4)) applies to all the three notes or only to the notes which matured before the date of the Ordinance. The Ordinance only declares what the English rule is and as it is so it has been for many years."

The judgment then examines the Ottoman law for any authorities to establish a rule of law contrary to English law.

"As no rule of law is so laid down, their Lordships are, therefore, of opinion that, on this issue, it should be held to be the law of Palestine that in such a case as the present the correct date for calculating the exchange should be the date of the breach by non-payment, that is, the date of maturity of the bill or note, and not the date of any actual payment. The Board may further observe that the English decisions seem

to consider the date of actual payment as one which cannot properly be taken for converting the exchange. One effect of adopting it would be that a judgment or execution under it could not fix a definite sum because, until actual payment, the rate could not be ascertained. The date of judgment was rejected by the House of Lords in the *Celia v. Volturno* case (*supra*). To adopt the date of payment would be to place the rate of exchange in the control of the debtor who could at his will or convenience delay payment and thus benefit or attempt to benefit by the fluctuations of exchange.

The sum of LP 272,375 paid into court on December 13, 1937, is not sufficient to cover interest due from dates of maturity to date of adjudication.

Their Lordships will humbly advise His Majesty that the appeal should be allowed."

The Banker's Bookshelf

FACTS IN THE CASE, by Gilbert Jackson, (Ambassador Books Limited, Toronto). Pp. 70. Price \$1.

“PRACTICALITIES for Planners” might well have been the title of Gilbert Jackson's thought-stimulating pamphlet. There are fifteen short, tersely-worded and readable chapters, with appended charts and indices, all in a paper-covered edition, 8½" by 11". The author discusses dollars, Canadian and United States, and the pound, explaining their inter-relationship so that the ubiquitous “man in the street” can understand “that the two North American dollars are essentially different.” The author states “. . . our countries pursue different monetary policies, different borrowing policies, and different tax policies. Thus, at any given moment, two quite independent groups of forces are determining the respective values of the Canadian and United States dollars.”

A chapter on “The Miracle of War Production” gives us the measure of the increases in national incomes in Canada and the United States, and indicates that a Canadian post-war income of \$6,000,000,000 in terms of 1938 dollars would “not be doing so badly”.

In a one-page chapter entitled “Promises of Post-War Bliss”, Mr. Jackson writes: “The root question is not, would we like full employment?—but, how can we bring about (and further, how can we maintain) full employment?”

In the next and some following chapters the writer graphically focuses attention on Canada's export trade as the key to the solution of our full employment problem. He emphasizes the inability of most of our former customers in Europe to purchase our exports, lacking as they will, goods or even money with which to pay. He considers *giving* (short view)—“Provided that the giving is generous enough, it can be relied on to produce Full Employment in Canada—just as our wartime spending has produced Full Employment,” and (long view). . . “If we do not seek a solution by *giving* abroad, however, we must sell abroad. . . That presupposes a restored world market . . . it is on the basis of a revived Europe that our world market must be refounded.” He believes that such is Canada's and our Allies' most urgent concern. A chapter on whether Europe should go communist affords food for thought.

From the problem of finding customers Mr. Jackson passes to that of maintaining low costs to ensure our obtaining "a maximum of business". Here he shows the values of our wartime controls in keeping all costs low enough to enable us to compete in the world market, and devotes some study to the wage level. His final chapter makes us realize that on the whole the war has brought no real hardships to Canadians on the home front and that indeed "we have actually been living better than we lived in the halcyon days of 1929 . . . there is not any place here for self-pity."

Gilbert Jackson's final words are well worth quoting:

"Because the difficulties ahead of us are so plainly to be seen, because the spurious solutions are so many, because we so greatly need mutual tolerance and a realistic attitude to fact, this pamphlet has been written".

Every banker who prides himself on foresight will want a copy.

CANADIAN ART, 1820 TO 1940, by William Colgate, (Ryerson).
Pp. 278. Price \$5.

THIS book is a comprehensive work embracing the whole course of Canadian art from pioneer times to the present day. The origin, history and personnel of every major group movement of painters, draftsmen, designers, and etchers for more than one hundred years is recorded in interesting detail. Almost every man or woman of any merit at all who ever put brush to canvas or pencil to paper in Canada is included with some data of their lives and particulars of their work, the pages abundantly illustrated with what on the whole are well chosen examples covering a wide range of time, school and medium.

It is an ambitious production. Portraits, landscape, decorative design, commercial illustration, in oil, water-colour, pen, pencil, or etching tool as well as sculpture in stone and clay modelling, with some mention of architecture and the domestic handicrafts thrown in—all are handled with authority and knowledge, supported by an apparently wide personal acquaintance among the artists past and present who have created Canadian art from nothing.

The individual reader might think of a few worthy names that are absent and, perhaps, could wish for a more adequate treatment of some others, but nevertheless this is a highly satisfactory book falling just short of a standard work of reference. The indexing could be more complete and various small oversights in proof-reading are evident. The hyphenated and distinguished name of a deceased academician appears in incomplete form in one place, while several well-known but non-painting architects, sculptors, designers and etchers are included in a chronological list of "painters", which is somewhat confusing.

Complete rosters with dates and classification of past and present members and associates of the Royal Canadian Academy, Ontario Society of Artists, and perhaps one or two of the other main bodies, might well have been given in the supplementary addenda—they would be a useful guide to the reader.

Although dealing with a phase of Canadian life and culture usually considered outside the banking domain, this volume should be of great interest and value to readers of this Journal. For one thing, the artist is presented in a perhaps new and realistic light, a relief from the too popular, uninformed conception of him as a not respectable Bohemian, untidy and unfed, eccentric in his tastes and unmoral in his habits, than which nothing could be more fantastically untrue. Such a type—if he exists at all—is probably a humbug. The true artist, as perhaps unconsciously Colgate makes clear, is a workaday craftsman occupied like the industrialist and the merchant for many hours between breakfast and dinner in creating with his brain and hand something worth while to sell. He has to live like everybody else. He is an everyday sort of person, as earnest about his job as the business man, banker or bricklayer, and perhaps better informed about their work than they of his. Without doubt he is an individual—he could scarcely be anything else—but his influence in shaping the thought and trend of his time, if not always recognized, is an undoubted and valuable fact. He is a civilizing force and a sound contributor to progress, though of course we do not always agree with all artists. But in an age when individualism is under attack let us remember the artist as the outstanding individual in a standardized world perhaps too inclined to accept mass production ideals. Let us take him as he is and be thankful, for whether we know it or not, it is he in the background who makes life agreeable for us. He will be the first to resist and the last to succumb to the stultifying influences of the new doctrinaires now seeking to abolish private enterprise.

The student who starts without any knowledge of Canadian art or artists should be well-informed after reading this most readable book.

DOWN NORTH, by Malcolm MacDonald (Oxford University Press)
Pp. 274. Price \$3.

ON laying this book down, something which it is hard to do before the last chapter is reached, the reader is likely to turn back to the introduction to check up on the time element. Surprisingly enough it is the case that the author left Ottawa one fine day in August 1942 and returned three weeks later, after having travelled

by air 8,700 miles. Under such circumstances one would expect this tale of a journey to be pervaded by a harassed air of rush and strain. Instead the impression is left of leisurely visiting, quiet intimate talks with plain people, and penetrating comments on far-away, picturesque places.

Mr. MacDonald travelled as High Commissioner for the United Kingdom in Canada and reveals in a superlative degree keen powers of observation, lively interest and fine capacity for expressing himself in colourful and descriptive prose. In addition he obviously possesses a frank and engaging personality which enables him to get on common, friendly ground with strangers soon after meeting them.

The mere fact that his trip was so short in point of time needs no apology, for this seems to have etched the pictures of places and people visited all the more deeply on his mind. For him the far places on which he descended from the sky had doubtless previously been clothed with the indistinct and airy colours of fantasy but on actually reaching the Yukon Territory this remote corner of the empire that had so long captivated his boyish fancy takes on a keen interest which he examines and anatomizes at his leisure after the adventure is concluded. His fresh viewpoint when directed to Canada enables him to compress the highlights of his experience against a concentrated background of history that he makes sparkle with a vivid impressionism which clarifies and energizes the mental outlook of the reader.

In tracing the early history of Canadian exploration he comments on the curious coincidence that the course taken by his plane should almost parallel the laborious route followed by La Vérendrye and Alexander Mackenzie when first reaching out into the unknown. He summarizes the early life of the Northwest bringing out the parts played by the Hudson's Bay Company in its development and the Royal Canadian Mounted Police in its policing.

In studying Canada's romantic past he is struck with the fine pioneer spirit of the people, their hardy courage and their boundless faith and optimism. But he is also appreciative of the wonders of mechanical progress as exemplified in the Alaska Highway with its wonderful chain of airports. At the time of his visit the Highway was still only in the initial stages of construction but he is able to watch with fascinated absorption the monster bulldozers at work and to understand how by knocking trees down like ninepins they were capable of gouging seven miles of track per day out of the virgin forest.

The narrative carries itself along easily and naturally. For instance his description of the new highway turns his mind back to the gold

rush days of '98. But when he visits Dawson he is sadly disillusioned. The garish saloons of the roaring days are still there but are now nothing more than dreary sagging ruins, ramshackle monuments to the passing of time and the vanity of human wishes. The "lady that's known as Lou" has ceased to ply her vampire trade, but rest her soul! she's dead long since, and it is many a day since Dangerous Dan McGrew last gambled a poke of dust on the turn of a card. Now the icy blasts of the Arctic sigh and moan through the deserted halls where lusty revelry once held sway.

Following on his visit to Aklavik he describes the natives' way of life, how they hunt, and what they eat. He recalls that the caribou were at one time the foundation of the Eskimo economy but when rifles came into common use those animals that had once roamed the country in thousands were threatened with extinction. Before it was too late the Canadian Government by bringing 3,000 reindeer overland from Alaska to the delta of the Mackenzie River changed the entire outlook of the North. They converted a nomadic race, dependent on the uncertain movements of wild game for a livelihood, to a self-sustaining pastoral people tending their own herds of reindeer. The epic story of this amazing trek is well told. A mere handful of resourceful and stoical Laplanders finally succeeded in coaxing their nervous charges along a devious route over 2,500 miles in length requiring more than five years for the undertaking and overcoming obstacles that would have broken the spirit of less hardy and determined men.

In the same way his inspection of the buffalo now carefully preserved in a Government sanctuary leads him to trace their history from the early days when they were lords of the plains and were hunted by enemies no more deadly than the Indians armed with the primitive bow and arrow.

In his comprehensive tour Mr. MacDonald visited several of the great mineral deposits of the north: Norman Wells with its rich subterranean pools of oil, Great Bear Lake with the only pitchblende deposit of any size outside the Congo, Yellowknife a boom gold-mining camp. He talks with the engineers in charge and watches the men and machines at work. He gathers data on the discovery of the claims and describes the exceptional difficulties with which the engineers have had to contend. Few matters of interest escaped his attention, from the importance of Canada's northern oil resources to the value of its fur catch; from the beauties of the humming bird to the peculiarities of the Arctic raven. A writer charming in his modesty, he lays no claim to specialized knowledge or deep research; nevertheless he does provide a very informative series of sketches of the north country, varied in scope and entertaining in style.

WHERE'S THE MONEY COMING FROM? by Stuart Chase. (New York: The Twentieth Century Fund, 1943), 179 pp. Price \$1.

A NEW school of American economists preaches the comfortable doctrine that there is no limit to safe Government borrowing so long as it is internal and that, on the contrary, the only way to ensure prosperity is to have the Government borrow from its own people more and more from now to eternity, the theory being that increasing debt invariably brings increased wealth which pays the cost of the debt. It is claimed that as "we owe money to ourselves" it should scarcely be called debt at all.

This stimulating and provocative little book, sub-titled *Problems of Postwar Finance* and written for American readers, makes an interesting introduction for Canadians who may be attracted to this school of thought. It is the third in the readable series of one dollar volumes published by the Twentieth Century Fund, collectively called *When the War Ends*, all of which are by the well-known writer, Stuart Chase.

We read this volume with a mixture of eagerness and trepidation. Eagerness because we have often wondered just where the money was to come from; and trepidation because of what the answer might be. Before opening the book we sat down and tried, first, to clear the air and ascertain what the money is going to be needed for, before getting Mr. Chase's answer as to where it is to be found. As far as this country is concerned we found Canada's bank account overdrawn at the end of last year to the extent of approximately\$10,600,000,000.
 To this we added the Railway debt of 700,000,000.
 and, say, two Victory Loans this year 2,500,000,000.
 and a Rehabilitation and Reconstruction loan next
 year 1,000,000,000.
 making a total indebtedness, after the war, presum-
 ing it ends in 1944, of, say,\$14,800,000,000.

We then began to read Mr. Chase's book to see what he had to say about all this. Where was the money to come from?

Mr. Chase, with somewhat refreshing candour, says we are making a mistake in calling all this money a debt, which is something bad; rather should we think of it as an investment, which is something very good. What better stake, he asks, can a man have than an investment in his country? No country can go bankrupt unless

it runs out of population or materials and there is little danger of this happening on this continent.

Mr. Chase points to Italy, who had no trouble conquering Ethiopia without financial collapse; to Hitler, who built grandiose public works in an "insolvent" country; to Japan, who after "bankrupting" herself with four years of war in China, entered the present conflict with first-class equipment; to the United States, who in 1939 could not afford \$4 billions for highways, hospitals and conservation and who has appropriated over \$300 billions for the machinery of war and is today in the most vigorous condition of her existence.

The basis of this apparently facile money economy, according to the author, is the so-called "potato model" of a Minnesota banker, Ralph Manuel. Manuel imagines a small community where the people live on a single article of diet, which he has decided shall be potatoes, and which they produce by their own labour, turning them in to the community managers against claim cheques. The cheques become money and as a perfect balance is always maintained, within the community, between money and goods, the people can never suffer from unemployment, booms or depressions. Money ceases to have any real significance as it represents only the result of labour: no work, no potatoes, in other words. A hoarding of cheques which are not turned in will mean a surplus of potatoes and a resultingly lower quantity of the next crop. Inflation occurs when the hoarded cheques are presented and there is nothing to buy with them.

Adapt this system, on a larger and more complicated scale, to a country's economic structure; instead of potatoes use all the thousands of different articles by which a nation lives, and bear in mind that in the long run exports must balance imports, and you can come to the happy conclusion that the actual money itself is not important; that Canada's national debt at the end of 1945 of close on \$15 billions represents an asset in the hands of the people. Our great mistake, we discovered, on reading Mr. Chase's chapter on the national debt, was that we were too ready to identify the \$15 billions with our own private debt, which is another story.

Stuart Chase is a scholarly New Englander with a gift for clarity of expression; although at first glance one might think he is merely sweeping the dust under the carpet he is an economist with a new thought to offer, and in his present book he offers it in a refreshing and an intensely interesting style. Whether or not he converts the reader is another matter. At any rate, Mr. Wendell Willkie is one of the distinguished unconverted and we imagine the harder-headed realists among his own countrymen will line up with him.

For Canadian readers, the *Winnipeg Free Press* in its issue of March 4th exposes the fallacy of "The New Theory of Debt". True, it admits, the nation owes the debt internally and the taxes collected offset the interest paid which remains at home. But the bondholders and taxpayers are not combined in one huge pool; they are millions of separate individuals with very different separate debits and credits. The particular individuals who pay the taxes do not receive back in interest the exact amount of their payments. Some receive more and some less according to their particular liability for tax and their holdings, if any, of Government bonds; in actual practice the great bulk of the people, being more taxpayers than interest recipients, are in the long run poorer because of Government borrowings.

Eventually the national debt under the new theory grows to unmanageable size. The taxpayers cannot pay the cost and, as all experience proves, repudiation follows, either direct or more likely in the indirect form of inflating the currency with the printing press.

The whole thing is based upon the pool idea, with the rights of individuals washed out; in other words it is socialism in another suit of clothes. It is sparkling reading; so is Gilbert's *Bab Ballads*.

THE UNITED STATES IN THE WORLD ECONOMY, The International Transactions of the United States in the Interwar Period, by H. B. Lary and Associates. (Prepared in the International Economics and Statistics Unit, Bureau of Foreign and Domestic Commerce, United States Department of Commerce. Washington, 1943.) Pp. 216. Price, 35 cents.

IN his syndicated newspaper column Mr. Walter Lippman recently suggested that the United States government would be well advised to set up, beside the present Bureau of the Budget, a Bureau of the International Budget, the International Accounts. To such a body, set up by statute and thus independent of the current fashions of opinion at either end of Pennsylvania Avenue, questions might be directed concerning the effect which contemplated legislation might have on the international position of the United States and that of other countries. The Bureau would have as its regular duty the preparation of current reports on the international accounts and the initiation of special studies to improve the statistics. This interesting suggestion indicates the awareness in the United States of the fact that they cannot conduct their economic affairs with domestic considerations alone in mind.

Should the suggestion be adopted the personnel is ready at hand in the authors of this quite remarkable book. The main part of the book is devoted to setting forth the results of a thorough revision of former estimates of the international accounts of the United States since they began to be published shortly after the end of the first great war. This is just the sort of enterprise a Bureau of the International Accounts would undertake and the members of the International Economics unit of the Department of Commerce seem to have carried out the revision competently and thoroughly. The remarkable character of the book does not lie in this revision, however. We have come to expect good work from American government statisticians. What will be most remarkable to readers of the "bluebooks" which the governments of other countries issue, is not the professional competence of the authors in compiling and presenting the statistics but the freedom with which they express their opinions on the significance of the statistics they have compiled. And these opinions concern perhaps the "hottest" political issue in their country, the international economic conduct of the United States. Yet the record is studied as objectively as any economist would do it from the shelter of a university. And the authors do not stop at setting out the record. The first twenty-five pages contain a "Summary and Recommendations". They stress the interest of the United States in a "high level of international transactions", point out the need for a "sound international investment program", suggest that the American tariff should be reduced by a "vigorous" prosecution of the reciprocal trade agreements program observing that in future negotiations "... emphasis might well be placed less on the concessions obtained from other countries and more on the reductions effected by this country." May their courage infect their brethren in other lands!

It would be unfair to the authors to attempt any discussion of their conclusions in a short review. They arise so naturally out of the statistical analysis itself that the two must be read together. The reader will find here one of the most competent analyses now available of the recent international economic history of the United States. It is clearly written, without too much use of economic jargon and is abundantly illustrated with most helpful charts.

Results of Banking Examinations

JUNE 1943 AND JANUARY 1944

The following are the results of the examinations held in Banking Courses in June 1943 and January 1944. In preparation for these examinations students may take instruction in English in the Associates' Course from Shaw Schools and in the Fellows' Course and Supplementary Course from Queen's University. French-speaking students may receive instruction in both the Associates' and Fellows' Courses from l'Ecole des Hautes Etudes Commerciales.

The lists are in order of merit. In individual subjects all who made 40% or over are listed. Those who made at least 40% in each of the six subjects and 60% of the aggregate have qualified for the Fellows' or Associates' diploma and are listed as graduates in the Fellows' and Associates' Courses respectively, while those who obtained a minimum of 60% on each subject and a minimum of 75% on the aggregate of all subjects have qualified for the diploma with honours and are so listed.

The name of the bank by which the student is employed is printed in italics following his name. The following abbreviations are used: Bank of Canada, *Can*, Post Office Department Savings Bank, *PODSB*, Bank of Montreal, *Mtl*, The Bank of Nova Scotia, *N.S.*, The Bank of Toronto, *Tor*, La Banque Provinciale du Canada, *Pro*, The Canadian Bank of Commerce, *Com*, The Royal Bank of Canada, *Ryl*, The Dominion Bank, *Dom*, Banque Canadienne Nationale, *C.N.*, Imperial Bank of Canada, *Imp*, Barclays Bank (Canada), *Bar*, Montreal City and District Savings Bank, *MCD*, Bank of Scotland, *Scot*. A student who is on leave of absence from his bank for military service will also have the letters OLA after his name.

JUNE 1943

Fellows' Course

GRADUATES

Fellows of The Canadian Bankers' Association

Pass

W. H. Pridgeon, *Ryl*; J. R. Stewart, *N.S.*; J. F. B. Devlin, *Mtl*, W. P. MacLean, *Mtl*, R. S. Symons, *Ryl*, equal.

STANDING IN INDIVIDUAL SUBJECTS

Practical Banking and Foreign Exchange

J. R. Stewart, *N.S.*; R. Threadkell, *OLA Dom*; G. H. T. Cull, *Dom*; K. F. Kirby, *Dom*; W. J. Cyr, *Ryl*; A. H. Bouillon, *Mtl*.

Economics

A. Mercer, *Mtl*; Oscar Ducharme, *MCD*; H. S. Nelson, *Ryl*.

Money and Banking

W. H. Pridgeon, *Ryl*; C. R. Duhamel, *C.N.*

Business Finance

G. H. T. Cull, *Dom*; M. P. deCourval, *Pro*; W. P. MacLean, *Mtl*; T. A. M. Bradley, *Mtl*; Mary Pollock, *Mtl*; G. E. Bridle, *Ryl*; H. J. Chalk, *Mtl*.

Commercial Law

A. Mercer, *Mtl*; R. H. Baker, *Ryl*; R. S. Symons, *Ryl*; J. F. B. Devlin, *Mtl*; R. Threadkell, *OLA Dom*; S. D. Bergeron, *N.S.*; D. R. Carman, *Mtl*; A. H. Bouillon, *Mtl*.

Accounting and Auditing

W. D. Watt, *OLA Ryl*; R. Threadkell, *OLA Dom*.

Associates' Course

GRADUATES

Associates of The Canadian Bankers' Association

Honours

A. M. Hall, *OLA Tor*.

Pass

A. W. P. Hook, *Ryl*; W. Garratt, *Tor*; R. A. Barclay, *Com*, A. K. Thede, *Com*, equal; R. A. Thomas, *Ryl*; C. J. Scott, *N.S.*; R. G. J. Benard, *Ryl*; Maurice Ryles, *Com*; B. H. Lawrence, *N.S.*; Olivier Dionne, *C.N.*

STANDING IN INDIVIDUAL SUBJECTS

Practical Banking

H. E. Traviss, *Dom*; A. O. Laspa, *Ryl*; Mary Mills, *Tor*, A. K. Thede, *Com*, equal; F. G. Pepperall, *Mtl*; R. A. Thomas, *Ryl*; J. F. Suarez, *Ryl*; B. H. Lawrence, *N.S.*, Marjorie Riggs, *N.S.*, equal; C. E. Bartlett, *Ryl*; N. C. Wyatt, *Ryl*; P. J. M. Leblanc, *C.N.*; Jack Dunsmore, *Ryl*; Ruth Breakwell, *N.S.*; J. A. L. J. Bleau, *Mtl*; R. Plante, *Pro*; Lillian Sykes, *Mtl*.

Commercial and Foreign Exchange Arithmetic

Mary Mills, *Tor*; R. A. Barclay, *Com*; G. C. Scanlan, *Ryl*; R. Burton, *Dom*, G. E. Robitaille, *Ryl*, equal; Charles Dion, *C.N.*; G. V. Allison, *OLA N.S.*, Mina Henderson, *Mtl*, equal; Olivier Dionne, *C.N.*, J. C. Parent, *C.N.*, equal; Clara B. Sheets, *Tor*; L. H. Hunter, *Tor*; R. T. Sinyard, *Ryl*; R. A. Latta, *Tor*; C. J. Scott, *N.S.*

French Composition and Bank Correspondence

Roger Benard, *Ryl*; Olivier Dionne, *C.N.*; J. A. J. Bourgeois, *Ryl*; Guy St. Jacques, *C.N.*; R. Plante, *Pro*.

English Composition and Bank Correspondence

Ruth Breakwell, *N.S.*; Margaret Fraser, *Mtl*; Clara B. Sheets, *Tor*, D. M. Williams, *N.S.*, equal; R. F. Torrance, *N.S.*; Marjorie F. Riggs, *N.S.*, H. R. Roberts, *Cau*, J. F. Suarez, *Ryl*, equal; D. G. Johnston, *Ryl*; Edith E. Milne, *N.S.*; A. W. P. Hook, *Ryl*; J. W. Gourlay, *formerly Com*; W. H. Callingham, *OLA Tor*; Lillian M. Sykes, *Mtl*; Mrs. P. J. M. Crockett, *Mtl*, Elizabeth B. McRither, *Dom*, R. T. Sinyard, *Ryl*, R. O. Smith, *Mtl*, equal; M. R. Cardiff, *N.S.*; A. P. Price, *N.S.*; C. H. Linton, *Ryl*.

Banking and Commercial Geography

D. G. Johnston, *Ryl*; Margaret R. Thomson, *Mil*; D. M. Williams, *N.S.*; Maurice Ryles, *Com*; Clara B. Sheets, *Tor*; R. G. Gage, *N.S.*; J. Isabel Penny, *Com*, equal; Teresa Deslippe, *Mil*; J. W. Gourlay, *formerly Com*; J. A. L. J. Bleau, *Mil*; J. H. M. R. Labelle, *Mil*, Constance Snowdon, *Mil*, equal; Mary Sinclair, *Can*; Elizabeth B. McRither, *Dom*; R. A. Thomas, *Ryl*, N. C. Wyatt, *Ryl*, equal; W. H. Milne, *N.S.*; R. G. J. Benard, *Ryl*; A. Lachapelle, *Pro*; M. R. Cardiff, *N.S.*

Bills of Exchange

A. M. Hall, *OLA Tor*; M. J. Hopkins, *P.O.D.S.B.*, Edith E. Milne, *N.S.*, W. H. Sales, *Tor*, equal; A. R. Feener, *Ryl*, Ruth Gillespie, *Dom*, R. A. Thomas, *Ryl*, D. M. Williams, *N.S.*, equal; P. V. Charlton, *Ryl*; D. G. Johnston, *Ryl*; A. O. Laspa, *Ryl*; A. W. P. Hook, *Ryl*, D. J. C. Nicholl, *N.S.*, equal; Mary Sinclair, *Can*; L. H. Williamson, *OLA Ryl*; A. P. Price, *N.S.*; M. R. Cardiff, *N.S.*; Maurice Ryles, *Com*; G. V. Allison, *OLA N.S.*; P. LeGourriercq, *C.N.*; G. St. Jacques, *C.N.*; B. O'Neill, *Ryl*.

Bookkeeping and Accounting

Gladys P. Brandon, *Com*; Ruth Gillespie, *Dom*; W. Garratt, *Tor*; A. W. P. Hook, *Ryl*, D. J. C. Nicholl, *N.S.*, equal; Gladys H. Pettigrew, *Mil*; A. K. Thede, *Com*; C. J. Scott, *N.S.*; B. H. Lawrence, *N.S.*, R. Manseau, *Ryl*, equal; C. E. Bartlett, *Ryl*, Charles Dion, *C.N.*, Maurice Ryles, *Com*, equal.

JANUARY 1944

Fellows' Course

GRADUATES

Fellows of The Canadian Bankers' Association

Pass

G. H. T. Cull, *Dom*; C. H. Seip, *OLA Dom*.

STANDING IN INDIVIDUAL SUBJECTS

Practical Banking and Foreign Exchange

E. P. Rush, *Tor*; Mary E. Bowyer, *Can*; A. H. Bouillon, *Mil*; D. W. Low, *formerly N.S.*; R. A. Barclay, *Com*, R. B. Hadden, *Tor*, equal; M. C. Fetterly, *Mil*; W. A. Atkinson, *N.S.*

Economics

G. H. T. Cull, *Dom*; H. W. Travers, *N.S.*; D. W. Low, *formerly N.S.*; R. Threadkell, *OLA Dom*.

Money and Banking

G. Mutch, *Tor*; G. A. Stephens, *Ryl*; J. E. Milne, *OLA Dom*; G. H. T. Cull, *Dom*; R. Threadkell, *OLA Dom*; Oscar Ducharme, *MCD*.

Business Finance

S. D. Bergeron, *N.S.*; C. D. Valpy, *Tor*; C. R. Duhamel, *C.N.*

Commercial Law

C. H. Seip, *OLA Dom*; A. Landells, *OLA Scot*; G. H. T. Cull, *Dom*.

French Commercial Law

M. P. deCourval, *Pro*.

Accounting and Auditing

C. G. Botham, *Ryl*, A. Landells, *OLA Scot*, equal; G. H. T. Cull, *Dom*; T. A. M. Bradley, *Mil*.

Associates' Course

GRADUATES

Associates of The Canadian Bankers' Association

Honours

A. MacLean, N.S.; M. J. Hopkins, P.O.D.S.B.

Pass

D. J. C. Nicholl, N.S.; Roger Bell, *Mtl*; F. D. Webster, *Com*; Mary Sinclair, *Can*; W. C. Abraham, *OLA Dom*; J. J. R. Fontaine, *Ryl*, J. W. Gourlay, *formerly Com*, N. C. Wyatt, *Ryl*, equal; Suzanne Mignault, *Mtl*; W. M. Jago, *Dom*; E. G. Leigh, *OLA Mtl*, Gladys H. Pettigrew, *Mtl*, equal.

STANDING IN INDIVIDUAL SUBJECTS

Practical Banking

A. MacLean, N.S.; T. W. H. McPherson, *Ryl*; Mary Meyer, *Mtl*; L. H. Hunter, *Tor*; E. G. Leigh, *OLA Mtl*; D. J. C. Nicholl, N.S.; H. R. Roberts, *Can*; Mary Sinclair, *Can*; J. H. M. R. Labelle, *Mtl*; J. P. Brouillette, *Pro*; J. Isabel Penny, *Com*; A. E. Burton, *Mtl*, L. Robert, C.N., equal; R. W. Fowler, *Ryl*; Olga M. Dorlas, *Dom*; W. F. Schleihauf, *Mtl*.

Commercial and Foreign Exchange Arithmetic

A. MacLean, N.S.; Francette M. D'Estrube, *Mtl*, C. K. MacDonald, N.S., equal; W. C. Abraham, *OLA Dom*, Selma Eade, *Com*, equal; Evelyn D. Andrechek, *Mtl*; Paul Helary, *Com*; Gladys P. Brandon, *Com*; Ruth E. Breakwell, N.S.; M. A. Fernandes, *Ryl*; C. J. Ward, N.S.; K. Bernice Algie, *Mtl*; J. Isabel Penny, *Com*; Guy St. Jacques, C.N.

French Composition and Bank Correspondence

C. Marcotte, C.N.

English Composition and Bank Correspondence

Mary K. Mills, *Tor*; L. H. Hunter, *Tor*; Mina W. Henderson, *Mtl*, A. MacLean, N.S., equal; K. Bernice Algie, *Mtl*, N. C. Wyatt, *Ryl*, equal; Francette M. D'Estrube, *Mtl*; W. C. Abraham, *OLA Dom*; W. H. Sales, *Tor*; Lillian D. Brigham, *Mtl*, D. J. C. Nicholl, N.S., equal; W. M. Jago, *Dom*; Olga M. Dorlas, *Dom*, Constance Snowden, *Mtl*, equal.

Banking and Commercial Geography

A. MacLean, N.S.; Francette M. D'Estrube, *Mtl*; Roger Bell, *Mtl*; Mary Meyer, *Mtl*; Mary K. Mills, *Tor*; M. R. Cardiff, N.S.; R. L. Sutherland, *Com*; R. A. Corning, *Ryl*, Marjorie F. Riggs, N.S., equal; Suzanne Mignault, *Mtl*, G. C. Scanlan, *Ryl*, equal; Gladys H. Pettigrew, *Mtl*; R. Manseau, *Ryl*.

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Notes on Examinations

JANUARY 1944

Fellows' Course

BUSINESS FINANCE

AN EXAMINER in setting a paper is usually seeking the answers to two questions, viz., (a) has the candidate familiarized himself with the factual data which are necessary to an understanding of the particular subject of instruction, and (b) does he think clearly so that he can understand relationships and develop principles which can be applied to situations not directly covered by the instruction received? Of the two the latter is much the more important, and also the harder to test. Nearly anyone can memorize from a book; and forget it with equal facility once the examination is over. But the appreciation of general principles and the ability to apply them call for thought and a disciplined imagination. In this sense mastery of a subject is not achieved overnight but is the result of a ruminative process of thinking one's way around and through the problems and coming slowly to see all that is involved in them.

Business finance is a study of the financial problems of individual firms—how they raise money, how they use it, what profits they earn on it, how great is the risk of loss, and so on. It is a study of how a free society organizes itself upon the basis of individual initiative and without compulsion. Public finance, on the other hand, is a study of the financial operations of those public bodies which depend upon the taxing power.

Since private firms are numerous and since not all risks are insurable, many of the problems of the individual business are problems to which a definite answer cannot be given. Each year sees the failure of some firms. All firms are exposed to the possibility of failure. But no man in his right mind would dare to forecast either that firm A would fail within the next year or that it would be fully solvent. The best that a careful man can do is to say that it is probable that it will or will not fail.

This is the fundamental point at the root of sinking funds for bond issues. No matter how sound a business may appear at the time the debt is contracted some degree of risk is present. It may change as time passes. Should the risk diminish, the operation of

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the sinking fund may result in repayment of an investment which the bondholder might like to retain. That is a risk which he must run if he is to have a sinking fund to protect him against the possibility of shrinking values in the company whose debt he holds.

The same general principle applies to the earning power of business enterprises. Some make losses each year; many make moderate profits; a few make profits that are most generous. Where any one company will fall in the scale is the result of many factors. One cannot argue that since profits in any given year were large the management is highly efficient. The large profit may have been due to factors over which management had no control. Only a succession of profitable years when other firms in the same field are doing less well would be evidence of the quality of management.

PRACTICAL BANKING AND FOREIGN EXCHANGE

THE first question, dealing with the Canadian banking structure, is designed to test the student's knowledge of the factual set-up of the Canadian banking system as it now is. The place of the Bank of Canada, the chartered banks, and ancillary financial institutions is clearly required and is textbook knowledge. In addition, the main structural aspects of the Bank of Canada and the chartered banks are required. Then there should be mentioned any changes which may have been caused by the war—the existence of a foreign exchange control and the practical suspension of the reserve requirements for the Bank of Canada.

Question 2 is really an extension of Question 1 and requires a more detailed description and analysis of the place and function of the Foreign Exchange Control Board. While it is necessary and important to explain the actual functioning of the present exchange control system it is even more important to point out the significance of the change. In the pre-war system each bank was a dealer in foreign exchange and it was the individual bank's responsibility to keep its foreign exchange position in balance. But under the existing system the bank is but an agent; it not only sells and buys at established and fixed rates, it has no balances of its own in which it can deal freely. It takes no risks—either of loss or gain. The chartered bank under controlled foreign exchange is an agent only.

The third question, on the technique of financial statement analysis, is intended to have the student set out the use and the actual procedure in analysing financial statements. Thus it really falls

into two parts. The first has to do with the practice—what ratios may be used, what are the most valuable, and what they show. As the student cannot cover all the ratios, percentages, etc., he must pick out those which he deems most significant. This in itself is a test. The second part is to estimate the whole procedure in terms of banking practice—that is, extending credit. The student should indicate in what ways such a practice supplements or assists the other evidence of credit position which the banker uses. Taken in these two aspects it is clear that the question covers some of the most significant aspects of the banker's day-to-day work.

Question 4, on the attitude of Canadian banks towards unsecured loans to retailers, raises the whole matter of extension of credit to such types of business. The answer should go on to point out why such a position has grown up in Canada, why it is sound and to what extent it may be changed with changed conditions. The question is designed not only to get the answer of what is but also why it is.

The final question on the effect of war loan purchases by customers of the bank is the most analytical one on the whole paper. It is true that for the moment the bank's deposits are reduced—it is assumed that the bonds are paid for by cheque—and that the deposits do build up again rapidly. But this is not sufficient. The analysis should go on to see just what happens to the banking system in the process. As the cheques in payment of the bonds are usually made out to the government, which carries its account with the Bank of Canada, the clearing of such cheques must mean that chartered banks' balances with the Bank of Canada are reduced. In other words the chartered bank parts with some of its reserve with the central bank. If this kept up without any other action it is clear that credit would be tighter. That is to say, when the government sells bonds to the public, it is like an "open-market" operation on the part of the central bank. The perspicacious (and rare) student is the one who sees this for an endless chain of analysis to present. But very few students ever carry the answer through to even its proximate conclusion.



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