

ROYAL BANK OF CANADA 67TH ANNUAL MEETING

Morris W. Wilson, President and Managing Director, Sees Upward Trend of Business Definitely Established

Sydney G. Dobson, General Manager, Reports \$50,000,000 Increase in Deposits for Second Year in Succession

Back for optimism for the immediate future is to be found in the accomplishments of the past two years, stated Mr. Morris W. Wilson, President and Managing Director, in the course of his address at the 67th Annual Meeting of The Royal Bank of Canada.

"In every province of Canada," said Mr. Wilson, "the improvement in conditions has reduced unemployment and created increased purchasing power. To the farmers of the west, there is an almost immeasurable difference between a price of 40c and 90c for wheat and there is every prospect that by the end of the crop year, the carryover will be materially reduced. In the cities, the burdens and distress due to unemployment have been reduced by an expansion in all lines of manufacturing. In fact, in recent months the volume of manufacturing has exceeded that in the normal base year 1926."

Marked expansion in the automobile and allied industries, the chemical industry, in the demand for textiles and boots, were also noted by Mr. Wilson, who remarked that the sustained activity in the mining industry during the depression and its

expansion in 1934-1935 have been outstanding in Canadian recovery.

Mining

"The payrolls of that industry," said Mr. Wilson, "provided generous wages at a time when many of those employed in other industries were out of work. Without the expenditures of the mining industry for supplies, machinery and other items, the depression in Canada would have been much more severe. In spite of low prices and the low level of demand for building materials, the total volume of mineral production in 1935 again amounted to more than \$300,000,000. The volume of gold production attained a new high record of \$115,000,000. I am of the opinion that the great period in Canadian mineral production is in the future."

Unemployment

"While employment has shown to be less during the year, unemployment is still a major problem. Relief expenditures constitute a threatening drain upon the resources of many local communities. While recognizing fully our social obligations, I fear that these expenditures have not always been made with due regard to the public interest. The promised survey by the Dominion Government is awaited with great interest."

Sanctity of Contracts

Referring to the repudiation last year by one of the Provinces of important long-term power contracts, Mr. Wilson said: "The alleged ground was that of illegality, but it is noteworthy that disregarding all ordinary canons of British justice, the aggrieved investors have been denied access to the courts to press their claims. Moral considerations aside—and these are not to be lightly disregarded—the policy of repudiating contracts may have become burdensome because of changed conditions strikes at the very root of our social and economic life. Stated in its lowest terms, moreover, repudiation does not pay. In the past we have made heavy sacrifices to build up and maintain our credit abroad. Unless some means can be found to remove the stain, this incident will be a permanent blot upon the fair name of our country."

Provincial Finances

"The financial position of some of our provinces has been the subject of

frequent discussions during recent months. Economic conditions in Western Canada, and abnormally heavy expenditures for relief resulting therefrom, have necessitated large advances from the Dominion Government. It was inevitable that sooner or later the question of control by the Federal Government over the finances of these provinces should be brought up, particularly in view of suggestions put forward that the Federal Government, by lending its credit, should assist in a general refunding of provincial debts so as to reduce the interest charge and thereby assist in balancing the budgets of these provinces. Such assistance by the Federal Government could only be justified if there were set up effective safeguards against excessive borrowings by provinces in the future, a matter that would seem to involve an amendment to our constitution. With due safeguards, however, I believe that some such plan would merit and receive the support of public opinion in Canada.

Foreign Trade

"Seven-eighths of our total foreign trade in the past three years has been with the British Empire and the United States. The present upturn in business activity is associated with a rising demand for Canadian goods in Empire markets and in the markets of the United States. In the twelve months ending in November 1935 Canadian exports to the Empire exceeded those of the same months of the previous two years by \$25 million and \$108 million respectively. Exports to the United States showed corresponding gains of \$54 million and \$100 million. Figures show that as yet Canada is not benefitting by any gains in general world buying power, but rather from the recovery which is under way in Great Britain and the United States. It would seem that Canada is indeed fortunate to have secured favorable trade agreements with her two best customers. While the agreement with the United States has been in effect but a few days, in view of the gain of \$100 million over the past two years, optimism as to further gains in exports to the United States during 1936 is justified."

Summary

"I would not feel justified in closing my remarks without referring to the difficulties which still confront us."

"But neither can I close on a pessimistic note. The Canadian people have faced—and I sincerely believe have conquered—the depression. At

this stage we must not listen to the faint-hearted who have become frightened or discouraged by the trials of recent years. Those who now urge default, repudiation or compromise as a solution of our financial problems are false prophets who have not correctly read the signs of the times. The Canadian people are made of sterner stuff."

"The upward trend in business would now seem to be definitely established. In fact, I believe we may look forward to the coming year with a greater optimism than has been possible at any time in the past six years."

General Manager's Address

Mr. S. G. Dobson, general manager, referred to the financial statement, as follows:

"The Sixty-Sixth Annual Report and Balance Sheet reflect continuance of the upturn of business which began in 1933, and which has progressed almost without interruption since that time. Totals under practically all headings are again higher, indicating the steady and continuous growth of the bank."

"A year ago we reported an increase of \$50,000,000 in deposits. This year we are able to report a further increase of over \$50,000,000 or a total of over \$100,000,000 in two years—an impressive amount. Deposits in Canada again increased in all provinces, savings deposits being up over \$11,000,000."

"Because of the continued lack of demand for commercial loans, the main outlet for investment of the additional deposits has been the purchase of Government and Municipal securities. As a consequence, assets under these readings have increased by \$63,000,000 to \$196,000,000."

Assets Up \$42,000,000

"Total assets during the year increased \$42,000,000, and are now \$800,919,700, the highest point reached since 1931. Quick assets stand at \$423,673,881, or 52.72 per cent of total liabilities to the public."

"Call Loans in Canada increased \$2,398,034, while Call Loans outside of Canada decreased \$10,690,196."

"Current Loans in Canada have increased by \$300,000 and similar advances abroad by \$2,673,800. While there has been a considerable improvement in business conditions, so far recovery has not increased appreciably the demand for bank accommodation."

"Our senior Executive organization was recently enlarged by the appointment of three Assistant General Managers namely, Burnham L. Mitchell, James Muir and Harold G. Hesler. Mr. Mitchell will continue to supervise Ontario business with headquarters in Toronto, and Mr. Muir and Mr. Hesler will, as heretofore, be attached to Head Office. All three are highly trained bankers of wide experience, who have spent their business lifetime in the service of the bank."

"At the last annual meeting, I ventured the opinion that we had every justification for looking forward to improved conditions during 1935. This expectation has been realized perhaps to an even greater extent than we had hoped for at that time. The outlook is still favorable and, as I see it, there is no reason why we should not enter 1936 with a feeling of optimism."

GENERAL SYNOD IS GIVEN FULL AUTHORITY RE DIVISION OF DIOCESE AS PROVINCIAL SYNOD PROROGUES

Second Motion by Bishop of Montreal is Defeated by Standing Vote—Opposed by Metropolitan Also—Committee Named

Although the name of the Ecclesiastical Province of Canada will remain the same until the next session of the Synod through the defeat today of a motion by Chancellor R. V. Harris, K.C., Halifax, to have the name changed to Eastern Canada, several important changes were made in the Declaration of the Synod giving the General Synod ultimate and supreme authority to make decisions regarding the division or re-arrangement of any dioceses. These changes, suggested and strongly supported by Rt. Rev. J. G. Farthing, Bishop of Montreal, were completed today previous to the prorogation of the first meeting of the Synod since 1924. The meeting, presided over by the Metropolitan, Archbishop John A. Richardson, Fredericton, opened here on Tuesday morning. Last night high dignitaries of the Church of England in Canada, including the Primate of all Canada, Most Rev. D. Trevor Owen Archbishop of Toronto, left for their homes satisfied that they had done something towards the betterment of the Church.

On a "vote by orders," a motion of His Lordship the Bishop of Montreal was defeated. The motion was to give a bishop power to give occasional authorization to ministers not Episcopally ordained, who, in his judgment are working towards an ideal of Union such as is described in our Appeal, to preach in churches within his Diocese, and to Clergy in his Diocese to preach in the churches of such ministers.

The defeat of the motion was speeded by the opposition of the Metropolitan, who told the delegates that it would not be wise to vote for it when it was quite possible that most of them did not have a clear knowledge of the report of the Lambeth report or any knowledge of the action of the General Synod on the matter.

Rt. Rev. John Hackenley, Bishop of Nova Scotia, moved the adoption of a resolution congratulating the Bishop of Montreal on the 50th anniversary

of the Bishop of Montreal, at first opposed by the Bishop of Quebec in his suggestion to give the General Synod full authority to divide dioceses, gave such an excellent delivery of his argument that the motion carried unanimously, and the Declaration was amended accordingly.

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WARDEN BELIEVES IN PRISON FARM IN NOVA SCOTIA

Big Relief Problem Faces Digby Municipality; Improved Financially

DIIGBY, N. S., Jan. 16.—J. Vian Andrews, warden of the municipality of Digby, who is a strong prison farm advocate, again expressed his views on the subject in his address at the opening of the January session. He said there are family men in the municipality who are dodging their responsibilities. "These problems are facing us all the time," said the warden, "and are problems that can only be solved by a prison farm."

Commenting on the financial situation of the municipality during the year just passed, the warden stated in his address that considerable improvement had been shown, although bills for outside poor had increased to \$5,500, and outstanding taxes amounted to \$17,000. However, the outstanding bill which gives the municipality the most concern is the Nova Scotia Hospital's bill for insane patients which amount to some \$15,000.

of his ordination, and previous to prorogation the following committees were appointed: to consider the relation of the Church to public education within the province; to consider civil laws of the province in relation to the solemnization of marriage; and a committee to look after the affairs of the Synod until such time as the executive committee shall come into existence.

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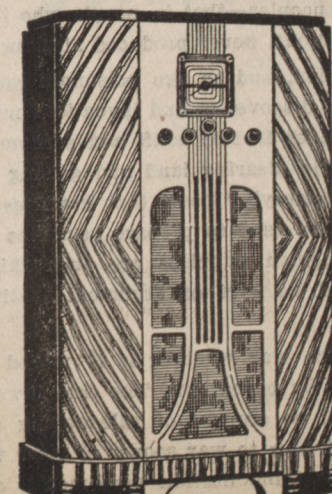
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