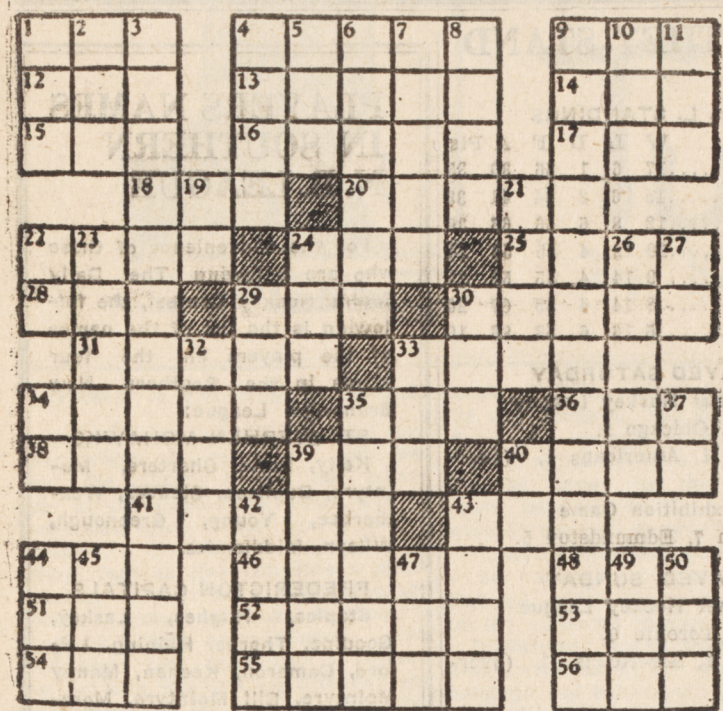


No. 4392

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**HORIZONTAL**

1 Brazilian coin  
4 Parent (pl.)  
9 Unready  
12 Jardinier  
13 Greek letter  
14 To look at  
15 Amount offered  
16 Nocturnal carnivore  
17 To spread  
18 Electrified particle  
19 To go in  
20 Spar  
21 Large fly  
22 Privation  
23 Away  
24 To damage  
25 Poplar  
26 Slightly warm  
27 Frozen  
28 Jooparty  
29 Fruit pulp  
30 Name of mirbles  
31 War god  
32 Pace of lecture  
33 To re-

**VERTICAL**

1 Difficulty  
2 Silk worm  
3 Apathetically  
4 Dawn  
5 Wine cup  
6 Shooting star  
7 Factor  
8 Briny

**Answer to Yesterday's Puzzle**

No. 4391

FOE OR TO LAD  
GIST VANEARN  
VE AISNERI  
OE INVEIGHVI  
FRINGE COOLED  
ATE IRE  
DINERS ASSES  
ON REQUITE PO  
NO DULS IL  
HARN AMIL ARID  
ATTARS NOTICE  
PES OH GO SEW

## Heralds of Empire

A Daily Column in Which Is Related Little-Known Deeds of The Heroic Men Who Built The British Empire  
By H. M. PAINT

### BRUCE OF ABYSSINIA

When Doctor Johnson was writing his dictionary, and George the Third was King of England, it entered the head of a certain Scot, named Bruce, to travel to Abyssinia. The adventurous blood of his forebear Robert the Bruce must have coursed hot in his veins—and indeed, as we will see by the sequel of this story, he was no man to trifle with!

It was in truth no voyage for a weakling—and Bruce travelled alone; or at least unaccompanied by any other European.

What an Odyssey he had, how often his life was endangered, what delays, vexations and hardships he endured to reach Abyssinia, travel there, and return in safety to Great Britain, the curious may read in his book. For the misguided man wrote a book about his travels in which was set forth his trials and hardships, and much about the curious customs of the natives. What he wrote has since been confirmed by various travellers and the statements admitted to be veracious and accurate.

In those days, however, no one could contradict him with authority for no Englishman had been there—a maddening circumstance and suspicious in itself! Additionally, he was a Scot and as such unpopular in London circles since his Highland comrades had given Londoners such a fright when Bonnie Prince Charlie reached Derby in the '45 Rebellion. And then he had the audacity, the barefaced impudence to state that in some parts of Abyssinia the natives ate their meat raw, without cooking it. This was close to heresy in a country where roast beef was not only roasted, but had become a national symbol!

His book was universally ridiculed and his good faith questioned.

One day in a London drawing room a gay young buck, with insolent drawl, branded Bruce a liar before a large gathering of both sexes.

"Sink me, my good fellow, you pass the bounds of possibility! No man could eat a steak raw! You must think up some other lie, really you must, you know, my dear chap!"

Bruce rose and left the room, followed by the hearty laughter of the guests.

The dandy was still enjoying his triumph, when the hardy Scot appeared again. In his hand dangled a huge raw steak liberally sprinkled with salt and pepper.

Stepping up to the petrified joker, Bruce said "You will either eat this steak here and now, or fight me tomorrow. Make your choice—eat or fight!"

Bruce's prowess with either sword or pistol was well known. With a piteous look the dandy seized the steak, and made fair headway, spurred on by a threatening gesture from Bruce whenever he paused, nauseated by the unaccustomed fare.

The giggles and snickers of the company rose to a gale of laughter as the dandy with a shudder finished the fast morsel and sank back in his chair.

Bruce, with a grim smile, said, "Never say again, young man, that raw meat cannot be eaten, for you have just made a very hearty meal of it yourself!"

## BABY'S OWN SOAP

Best for Baby  
Best for you

The aroma of roses clings to the skin long after the refreshing wash with Baby's Own Soap.

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Sold Everywhere



## SEVENTIETH ANNUAL MEETING ROYAL BANK OF CANADA

Canadian and International Economic Situation Discussed by Morris W. Wilson, President and Managing Director.—Commends New Trade Agreements.—Points out Failure of Economic Policies of Totalitarian States.

Sydney G. Dobson, General Manager, Reviews Balance Sheet.—Continued Progress Shown.—Present Outlook Distinctly Encouraging.

A comprehensive review of economic conditions both in Canada and abroad, with particular reference to the dangers of the economic policies now being pursued in Germany and Italy, featured the address of Morris W. Wilson, President and Managing Director at the 70th Annual Meeting of The Royal Bank of Canada.

Mr. Wilson referred, with satisfaction to the fact that conditions in Canada had been relatively stable despite the setback in the United States. Recovery from the recession, which was general during the closing months of 1937 and the first half of 1938, had made notable progress and business in Canada had now resumed its upward trend.

### MINING INDUSTRY

Since the inception of the depression in 1930, mining had consistently furnished the backlog and the most encouraging factor in Canadian industrial life. Volume of production in many instances exceeded in 1938 the high figures of 1937. The output of gold had again reached a new record of approximately 4,680,000 fine ounces, valued at \$164,500,000, an increase of 14% over 1937. The spectacular progress achieved in petroleum operations in the Turner Valley of Alberta was also noteworthy, stated Mr. Wilson. By the end of November, 60 crude oil wells were in production and drilling was under way at 20 others, with output during 1938 175% greater than in 1937.

Unemployment and relief were still serious, although continued improvement was reported.

Tourist trade returns had been most encouraging, expenditures by tourists in Canada totalling approximately \$275,000,000 during 1938.

### NEW TRADE AGREEMENTS

Mr. Wilson commended highly the new trade agreements between Canada and the United States and Great Britain. "These," he said, "mark the greatest departure from the policy of trade restriction and national self-sufficiency since the war and cannot fail to further the common outlook and cordiality existing between the British and American peoples. It is striking that the agreements, covering an enormous volume of trade and embodying hundreds of reductions of duties and lessened restrictions, include not a single increase. At the present time no detailed analysis of the effect of the agreements on specific industries is feasible but here can be no doubt that they will bring about an important expansion of trade."

Referring to the subject of "interest rates," Mr. Wilson remarked, "I believe it often true that if the relationship exists long enough, the debt or comes to hate his creditor. By the same token, I suppose he begins to question the morality of interest once the payment seems a burden. If you believe in the principle of private property you must believe in the legitimacy of interest. If it is proper for a person as a result of thrift to acquire, say a small property, there are few, if any, who would suggest that this property should be available for use by others without some compensation. Therefore, if compensation for the use of property be legitimate, why should compensation for its equivalent, the cost expressed in terms of money, be less so?"

### INTEREST RATES

"You frequently hear it asserted that the burden of interest has become intolerable and that relief can only be brought about by drastic measures. A forced conversion of public debt is sometimes urged, accompanied by reference to the action of Australia in 1931." Commenting on this point of view, Mr. Wilson said that the average rate on the outstanding Australian debt had been cut by 25% since that country's debt conversion in 1931. The average rate of interest on Canada's outstanding debt in the same period had been cut 29%. "The best way to keep the burden of debt as light as possible," continued Mr. Wilson, "is to maintain your credit at high standing and thereby obtain the benefit of lowest current rates. The rate at which the Dominion borrows compares most favorably with that of other first-class nations."

### FOREIGN AFFAIRS

The situation abroad remained difficult, stated Mr. Wilson, and expressed the opinion that "fate will overtake the lot of totalitarian countries in due course if, in their efforts to become strong, they concentrate on the military point of view and disregard the first principles of sound economics as they are doing at present." The decline in German exports had become acute since the September crisis.

"Data available indicate," he said, "that in 1938 total exports were actually less than in 1932 and 1933, the nadir of the world depression and the last two years prior to the Nazi regime."

"Internal business in Germany is

exceedingly active and full employment has been achieved, but only at the cost of colossal deficits in the Government budget. Indeed, one German authority has stated that an amount equal to 50% of the national income is absorbed by Government and party agencies." It was obvious, said Mr. Wilson, that no country could pursue such a policy without producing serious inflation and, unless it were reversed, he could not see "anything but a continued lowering of the standard of living in Germany. These remarks apply with equal force to the Italian situation."

The decline in business activity in Great Britain had been halted and business in the United States had, since May last, shown the most rapid recovery ever reported in its statistical annals.

Mr. Wilson also spoke with satisfaction of the closer cooperation and mutual understanding achieved in relations between Great Britain, France and the United States and also the countries of North and South America as evidenced at the recent Lima Conference.

"The outlook for Canadian business is again favorable and the upward trend would seem to be definitely restored," concluded Mr. Wilson. "The international situation is still obscure and further complexities may develop in foreign affairs. Barring such an eventuality, I am sure we may look forward to 1939 with courage and confidence."

### GENERAL MANAGER'S ADDRESS

Mr. Sidney G. Dobson, General Manager, in reviewing the Annual Balance Sheet remarked that the bank's total assets were now at the highest point since 1929 and total deposits had reached a new record level. Current loans increased moderately during the year but a more active demand for commercial loans was desirable.

Taxes had, however, become an ever increasing burden for the bank. "For every dollar distributed to shareholders by way of dividends, 71c is paid out in taxes in Canada," said Mr. Dobson.

Answering the criticism sometimes voiced, that banks are investing too large a portion of their funds in Government bonds and too little in assisting business enterprises, Mr. Dobson said, "We cannot compel unwilling borrowers to use our surplus funds if, for various reasons, they are not prepared to expand their business. It would be a strange type of banker who would prefer the small return from Government bonds to the more remunerative commercial rate." Mr. Dobson also pointed out that control of "credit" is not within the power of the Chartered Banks but is a prerogative of the Bank of Canada, which alone decides whether a policy of "easy" or "tight" money is to be pursued.

The attention of the shareholders was also drawn to the educational publicity conducted by the banks through the newspapers last year. "It is hoped these articles will help to clarify in the public mind what banks can do and what they are not permitted to do, and at the same time emphasize how necessary a safe and sane banking policy is to the welfare of the country."

### BUSINESS OUTLOOK

Canada had escaped the more serious effects of the recession in business which first appeared in the United States about eighteen months ago, concluded Mr. Dobson. Conditions in Canada had remained comparatively stable and results achieved in 1938 could be regarded as reasonably satisfactory. "The present outlook includes a number of factors which are distinctly encouraging," he said, "and I look forward to the future with confidence, as I believe few countries have as promising a future as has our own."

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Obtainable also in cigarette form.  
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### LONDON'S GOLD OPERATION

The Bank of England statement covers the week during which £200,000,000 gold was transferred from the Bank's holdings to the much-depleted Exchange Equalization Fund.

Exports the item "gold coin and bullion" to have been reduced £200,035,000; but outstanding note circulation is only £12,428,000 lower and the "banking reserve" lower by £17,607,000. Since the decrease in notes outstanding is about as has occurred in the corresponding week of previous years, it is plain that the note issue has not been at all affected by the transfer of gold—except as regards the security behind. The security, at the time of the preceding weekly statement, consisted of nearly 60 per cent in gold; the rest monthly in British Government securities. The sale of £200,000,000 gold to the Equalization Fund has left not quite 23 per cent of the Bank's circulation secured by gold, the rest in high-grade securities.

There has thus occurred a large increase in "fiduciary circulation"; that is to say, the note issue covered to face value in gold. In the Currency Bill of 1928, when the Bank of England took over £294,000,000 of "fiduciary notes" inherited from war-time—notes which had no gold reserve of their own—fiduciary circulation was authorized, but it was stipulated that such circulation should not "normally" exceed £260,000,000. It was also provided, however, that the prescribed limit might be exceeded if the Treasury acquiesced, but only for six months, subject to renewal during two years. Before the £200,000,000 transfer to the Equalization Fund, the fiduciary currency was reported at £230,000,000. Allowing for the week's moderate decrease in outstanding note issue and in banking reserve, it now stands at about \$400,000,000.

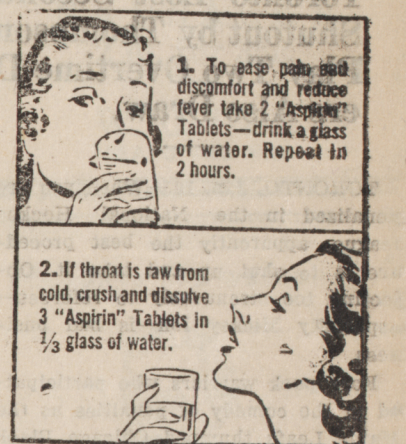
The Equalization Fund has been using in the sterling market its own new gold resources. From a low level of about \$4.62½ earlier in the month the price of sterling advanced to \$4.68 1/4 last Saturday, and has remained slightly below that figure. It is naturally impossible to say how much of this recovery was due to the Fund's operations and how much to "covering purchases" by the large outstanding bear account. But sterling has not yet risen above London's gold-export point, and more gold has been engaged for New York. This fact will lend interest to the next stages of the operation.

The Moscow Government has approved the 1939 styles for men.

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### MR. PICOBAC'S CRONIES



"Listen, Mr. Picobac," said Les

Razor in hand, Les Sharples, proud proprietor of the original two-chair barber shop of Essex Centre, paused and declared, "Nobody trusts a mugwump. You never know which side of the fence he is on."

"I'm not talking about mugwumps," replied Mr. Picobac brushing the blue smoke aside. "I'm talking about keeping an open mind. An M.P. should vote and smoke as his conscience guides."

"You always smoke the same kind of tobacco, I notice," continued Les.

"You bet I do," rejoined the Burley philosopher. "I smoke Picobac, the pick of Canada's Burley Crop, grown in Sunny Southern Ontario. I like a mild... cool... sweet smoke. The more I smoke it, the better I like it. But I'm open-minded. You show me anything better and I'll try it; but you can't do it."

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