

B of M President Sees Risk Of Still Further Inflation

B. C. Gardner Praises Loan Customers for Their Understanding of Need for Credit Restrictions

ASSETS, DEPOSITS, LOANS, AT NEW HIGH, SAYS GORDON BALL, GENERAL MANAGER, IN GENERAL REVIEW OF BUSINESS YEAR

Montreal, Dec. 3—Current official monetary policies, designed to avoid aggravating "already dangerous inflationary influences," have resulted in "a healthier and more realistic interest-rate structure," said B. C. Gardner, M.C., president of the Bank of Montreal, in his address to shareholders at their 34th annual meeting today. He forecast a "brilliant long-range future" for Canada, but warned that "the possibility of further inflationary pressure is still very real."

Gordon R. Ball, general manager, reviewed the bank's 1951 operations and reported "continued progress with assets at a new peak of \$2,222 millions. Deposits, at \$2,065 millions, and loans, at \$1,858 millions, also reached highest year-end levels. The number of deposit accounts had also reached a record figure—1,873,619. Net profits for the year amounted to \$5,355,374. Mr. Ball announced. Of this sum, dividends totalling \$4,320,000 were paid at the rate of \$1.20 per share. By contrast, federal and provincial taxes amounted to \$5,001,000. A further transfer of \$3,800,000 was made to the Reserve Fund, bringing it up to \$51,000,000.

Progress Plus Problems

Reviewing the general picture of business activity, Mr. Gardner said that the year had been "replete with problems," with the economic picture complicated by "distortions of an inflationary trend, and in some measure, by the steps taken to combat the trend itself."

One step, that of revising the official monetary policy, he said, "might well have been initiated earlier to good effect." He pointed out that he had advocated such a policy in his address to the shareholders back in 1948, and again last year. With the tightening of interest rates, the price of money was "once again beginning to exercise its traditional stabilizing function as a stimulus to saving and a brake on excessive expansion."

Governmental action had tightened consumer credit terms, Mr. Gardner stated, and on "a broader front" the banks were co-operating with the Bank of Canada in a program of "selective credit restriction." The tight rein kept on the cash ratios of the chartered banks put "an effective curb" on the expansion of credit, and this, he said, was "an integral part of a program of tighter money all round."

"In effect," the president said, in referring to the program of selective credit restriction, "the banks have agreed, in co-operation with the Bank of Canada, to endeavor to ensure that such credit as is made available is extended for purposes of essential current production."

Credit Restriction Genuine Need
"Most bankers would agree that these special measures are appropriate to an emergency as long as it exists," he continued. They posed special problems in dealing with customers. He paid "a sincere tribute" to the bank's customers who had shown "a gratifying understanding of the situation."

Mr. Gardner felt that most major difficulties induced by the credit curbs were the consequence of over-buying, and of borrowing to buy goods, following the advent of the Korean crisis. Readjustments which have been taking place in recent months were "in large measure, the inevitable reaction from over-buying."

International tension was not likely to permit any downward scaling in defence measures, the president held. The immediate prospect was for "a steadily-growing rearmament demand" competing for manpower and materials. The significance of this country's accelerating development was enhanced, he believed, by indications of depletion in some United States resources.

"In a desperately uneasy world, in which the shadows of Communism and turbulent nationalism do not grow less, the march of events is hurrying this country along a pathway of development, which otherwise might have taken a longer time to traverse."

Causes of Inflation Described
Canadians would do well to consider these "dynamic forces" in terms of challenge as well as opportunity, he commented. With an increasing proportion of the national output being devoted to defence needs and the building of industrial plant and equipment, he drew "the inescapable conclusion" that the production of consumer goods would diminish with the

ected for the coming year: President, Mrs. Geo. Dixon; vice-president, Mrs. J. H. MacPhail; secretary, Mrs. W. A. MacLean; treasurer, Mrs. John Darrach; auditors, Mrs. Reg MacKinnon and Mrs. Louisa MacLean.

Plans were made to present the Institute play early in December and the meeting adjourned by singing "Long, Long Ago." A beautiful lunch was provided by the hostess assisted by committee in charge, and a social chat enjoyed.

LAPPS' HOME
Lappland is the name given the Arctic territory inhabited by the Lapps, covering the north of Norway, Sweden, Finland and Russia.

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BUCKLEY'S CAPSULES
Sick and school committees also brought in the reports of their various activities during the year. Mrs. Thos. MacKinnon will be hostess for the December meeting. The following officers were el-

Canadian Army Casualty List

OTTAWA, Dec. 3—(CP)—The army has issued its 78th casualty list of the Korean war, reporting three men killed in action, one officer and 12 men wounded, and eight men injured in action.

This brought to 534 the total number of casualties suffered by Canadian troops in Korean action, including 109 dead, 385 wounded, 48 injured and two missing. The list:

Killed in Action
Bolduc, Marc Andre, Pte.; R. C. I. C.; Philippe Bolduc (brother), Bureau Lacroix, Beauce Co., Que.; Laflamme, Joseph Leo Leonard, Pte.; R.C.I.C.; Montreal; Leopold Laflamme (father), Dunham, Missisquoi Co., Que.

Wounded in Action
Bercier, Jean Napoleon, Pte.; R. C. I. C.; Mrs. Angelina Bercier (mother), Fall River, Mass.

General Manager's Address
Mr. Ball, in discussing the credit regulations as they affected the day-to-day operations of the bank, said that the current policy of restrictions was "primarily anti-inflationary" with the intent "to prevent, as far as possible, any further increase in the aggregate of bank credit."

Reporting a gain of \$22 millions in deposits over the 1950 year-end, the general manager noted that "the trend of deposits in the chartered banks" was influenced by the central banking policy of discouraging monetary expansion. There were indications that savings deposits had been affected by the increased use of savings for capital expenditures, for retirement of indebtedness so incurred, and by higher living costs and taxation.

Import and export financing showed "a substantially higher volume," he reported, and the amount of foreign exchange bought and sold for customers' account reflected "a very considerable increase." He stated that the bank's organization had been active in helping new industries to establish themselves in Canada.

Business Conditions Reviewed
Mr. Ball stated that the past year was a time of great economic activity with "some dips among an otherwise imposing array of peak points." For some businesses, he said, it was a "rather painful" period of readjustment from the upsurge of demand that followed the outbreak of the Korean war.

It was essential to keep "a sense of proportion and perspective" in such a transitional period, Mr. Ball emphasized. "More Canadians are employed today—and at a higher level of income—than at any previous time in our history."

The industrial foundations of a greater Canada were being rapidly extended, and there was a "highly significant tendency" on the part of many businessmen to make long-term plans "with a confidence in the Canadian outlook born of a reasoned appraisal of the logic of events."

Despite a "sizeable deficit" in external trade, the general manager stated that Canada's reserves of gold and U.S. dollars "have declined only moderately" owing to an inflow of capital into Canada. It was "greatly to be regretted" that, due to British regulations, United Kingdom holders of Canadian securities were not free to switch from one Canadian investment to another.

In concluding, Mr. Ball paid warm tribute to the "continued loyal, devoted and efficient service" of the B of M staff, and expressed pride in their accomplishments "at every branch and agency of this bank."

Mrs. C. Mireault (mother), St. Hyacinthe, Que.; Montebault, Roland, Pte.; R. C. I. C.; Raoul Montebault (father), Nicolet, Que.; Sauter, Jean Paul, Pte.; R. C. I. C.; Mrs. Armand Legault (sister), 127 Chatham St., Lachute, Que.

Injured in Action
Carruth, Ronald James, Pte.; R. C. I. C.; Waterdown, Ont.; Mrs. J. R. Carruth (mother), Hamilton, Ont.

Cowan, Elber, Pte.; R. C. I. C.; Perth, Ont.; Miss Lillie Cowan (sister), Toronto.

Dumbrery, Raymond, Acting Cpl.; R. C. I. C.; Mrs. Alice Dumbrery (mother), 134 Mariner St., Villa Jacques, Cartier, Que.

Gallant, Franklyn William, Pte.; R. C. I. C.; Mrs. Mary Althea Gallant (wife), 31 Cornhill St., Moncton, N.B.

Gaudreau, Renald, Pte.; R. C. I. C.; Mr. Georges Gaudreau (father), Montmagny, Co. Montmagny, Que.

Jenkins, John Douglas, Pte.; R. C. I. C.; Mrs. Alice Jenkins (mother), 1772 Godin Blvd., Mackayville, Que.

Thomson, James, Sgt.; R. C. I. C.; Vancouver; Mrs. Helen Elvera Thomson (wife), PMQ 3, Currie Bks., Calgary.

Tremblay, Jean Wilfred Joseph, Pte.; R. C. I. C.; Forbes Ont.; Mrs. Beatrice Tremblay (wife), c/o Hodges, North Gower, Ont.

COVEHEAD-BRACKLEY W.M.S.
Mrs. Albert Leed was hostess for the W.M.S. meeting of Nov. 12, and the president, Mrs. Leith MacKinnon, took charge of the program, which opened by singing the hymn "From Ocean Unto Ocean," followed by prayer in unison, taken from the Hymnary.

The scripture, taken from Psalm 67 and Matthew 23 was read by Doris Brown, after which the hymn "Lord While For All Mankind" was sung.

Mrs. Colin MacLure gave a reading of her own composition entitled "Remembrance Day".

A letter was read from a couple in Germany desiring help to get to Canada, and Mrs. Orr MacCaun gave a reading "A Pair Of Shoes"

The Birthday Murder

By Lange Lewis CHAPTER THIRTY

Part Two

She surveyed the array. For the first time these gifts meant more to her than the sheer materialistic joy of new possession, or even thoughtfulness which had prompted the giving. They were like a bulwark against a fear in her own mind. They were a reminder of the fact that people liked her, a good many people.

She still felt cold. She decided that something was wrong with the furnace and went over and stood with her hands fanned out above the grating in the floor. No, it wasn't that. Quite a lot of warm air gushed up at her face. She decided to build a fire.

It was while she was squatting on the hearth, coaxing a match to ignite the twist of paper under the wood, then she heard it again. The sound outside.

She went quickly to the front door, hesitated a moment, then opened the top half abruptly and widely and peered out into the darkness. She listened. She heard only the thin shrill sound of the crickets in the orchard next door, the sound of traffic below on the boulevard.

She shut the door's upper half, and stood staring reflectively at the floor. Then she turned and went back to her gifts.

She had been hearing it all evening. It was always the same sound. Sometimes from the front of the house, sometimes from the narrow side yard to the north, sometimes from the back. As though someone, trying to move with utter silence, had inadvertently struck a stone with his foot and then had at once frozen to motionlessness.

She knew all the logical explanations of this phenomenon, the chief of which was a magnification by her own nerves of a perfectly normal sound, usually unnoticed.

She knew this, but it did not keep from her mind the mood which obsessed it, the conviction that the night around her house was not empty of an inhabitant, a watcher who hated her.

Tuck telephoned Captain Harris at nine the next morning. The man sounded sleepy and irritated. Tuck identified himself, said he wished to talk to Harris at once, could be at his hotel in half an hour. "The homicide squad?" demanded Harris, sharply. "What have I done in the last few days to get you interested in me?"

Tuck said he would explain that when he saw him. It was one of those rare beautiful fall mornings. Tuck drove west cut Sunset through white sunlight, under a clean, blue sky.

Standing in the dark carpeted hotel corridor, he heard music coming from Captain Harris's room, Mexican music, plaintively gay. Harris opened the door abruptly after Tuck's knock, Har-

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riss's shirt was open at the throat exposing a triangle of hairy chest. In one hand was a bathroom glass which appeared to contain a mixture of whiskey and water. His short dark hair was rumpled, his eyes were dark and reflectionless. Tuck's net impression was of virility and self-assurance, an impression aided by the heavy mustache which the man wore.

"Come in," said Harris abruptly. He nodded toward the room's one upholstered chair, himself straddled a straight chair facing it, resting the glass on the chair's back. "Care for a drink?" he asked, lifting the glass an inch in invitation.

"No, thanks," Tuck said. The room faced north, and was without sunlight. Outside the bright day shone. On the glass-topped dresser was a half-full pint of

whiskey. The room had the feel of desolation common to small dark hotel rooms.

The music he had heard was coming from the portable radio on the table beside the bed. Backed by the sound of guitars a woman's voice was singing. It was a strange voice, and for a moment it commanded Tuck's attention. It was a deep voice, almost hoarse, and there was a fury and power in it.

He nodded toward the battered portable with his glass. The song ended; he got up and turned off the radio. "She died two days ago in Cuernavaca. Her name was Lucia Rio. She killed herself with sleeping pills. I once knew her quite well."

To be continued

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