

**KENSINGTON**

Mr. Ivan Dickson has sufficiently recovered from his recent illness and was able to return to his home in Darnley, after being a patient in the Prince County Hospital for several weeks.

Messrs. Ivan Davison and James Champion, Baltic were motorists to Charlottetown on Friday, Dec. 9th.

Mr. Andrew Horne of Little Dover, N. S. is visiting in Baltic, the guest of Mr. and Mrs. James Bealsto.

Mrs. George Marchbank of Truro, Nova Scotia, spent the weekend in Baltic, the guest of her sister, Mrs. Bruce Crozier and visited her brother and family Mr. Edward Dymont, Margate.

Miss Lydia Tuplin was a recent visitor to Baltic, the guest of Mrs. Reuben Wall.

On Saturday afternoon Dec. 10th a large number from this vicinity and the surrounding district attended the wedding in Keir Memorial Church at Malpeque, of Barbara Joyce McKay, daughter of Mr. and Mrs. Bruce Crozier, Sea View, and Darrell Murray son of Mr. Frances and the late Mrs. Murray of Grahams Road.

Mr. and Mrs. Dan Taylor, Clinton, were visitors to Kensington on Dec. 10th.

On Friday evening Dec. 10th, a large number of neighbors assembled at the home of Mr. and Mrs. George Riley, Hamilton, where a card and crokinole party was sponsored by the members of the Baltic Hockey Team. The prize for the ladies high score went to Mrs. Everett Wall, and for the gentlemen's high to Mr. Keir Crafer. Consolation prizes were awarded to Mrs. Keir Crafer and Mr. Denton Hogg. Refreshments were served by the hostess and a good sum was realized.

His many friends will be sorry to learn Mr. Sutherland Cousins, Baltic, is confined to his home with an attack of measles.

Miss Judy Woodside, daughter of Mr. and Mrs. Douglas Woodside, Sea View, is confined to her home with measles.

Sympathy is extended to the family of the late Henry Henderson whose death occurred very suddenly at his home in Margate, on Wednesday.

Her many friends are pleased to welcome Mrs. James Hickey to her home in Darnley after being a patient in the Prince County Hospital for several weeks.

Miss Jean Hunter spent the weekend in Baltic, the guest of Mr. and Mrs. William Hunter and family.

Her many friends will be very sorry to learn of the illness of Mrs. Frederick Ramsay at Charlottetown.

On Sunday evening a large congregation gathered at the Princetown United Church at Malpeque, where the girls and their leader of the C. G. I. T. group presented their National Christmas Vesper Service. The musical part of the service deserved more than passing comment. The church was very prettily decorated for the occasion. After organ selections by Miss Elizabeth Ramsay, the service opened with the congregation singing "Hark the Herald Angels Sing." The call to worship was given by Miss Mary Hunter; Scripture readings by Miss Anne Ramsay and Miss Mae Silliker. The choir sang "Silent Night" and "Away in a Manger." Responsive Reading with Mary Hunter as the leader. The story was given by the leader of the group, Mrs. Denton Hogg. The candle-lighting service followed during which five candles were lit to emphasize first-Jesus as the light of the world; Mary Hunter, then the fourfold purposes of the Canadian Girls in Training: To cherish Health, Sick Truth, know God and to Serve Others were lit by Misses Mae Silliker, Anne Ramsay, Joan and Danna Carruthers. After the singing of "As with Gladness Men of Old" Miss Mary Hunter pronounced the benediction. C.V.



**"If confidence in the future continues firm," said James Stewart, C.B.E., President, addressing the 89th Annual Meeting of The Canadian Bank of Commerce, "then most fields of activity should continue to show further improvement."**

NINETEEN fifty-five has turned out to be a record year with new peak levels presently being established in many segments of our economy. The encouraging feature of the current picture is the recovery from the slow-down in business activity that took place during 1954, and which continued into the early months of 1955. In the late Spring our export position began to improve and a renewed wave of capital spending served to recreate the atmosphere of confidence so necessary to the maintenance of the growth cycle. For a large part of our population, conditions have never been more favourable. For some, however, the situation is not quite as buoyant as it was a few years ago. Despite the over-all prosperity as reflected in national accounting aggregates, farm income is down and there is an unemployment problem in a few localities. In point of fact, continuing difficulties in such industries as primary textiles, farm implements and coal mining are contributing to the unemployment situation.

MAJOR economic developments during this year have again centred largely on resource development. Iron ore production is well ahead of last year with increased shipments from the Steep Rock area and from the Iron Ore Company in Labrador. The first shipments from the Labrador mine began in August 1954 and total shipments to the end of August of this year have been over four million tons toward a target for this year of six million tons, which objective, it is reported, will be raised to ten million tons next year and to twenty million tons when the St. Lawrence Seaway is opened. Another new iron producer came into production with the first shipment of ore from the Marmora area in May of this year.

While the first expansionary phase in the oil industry appears to be over, a steadily increasing rate of production and a continued inflow of investment capital characterize the industry today. Intensive exploration is still being carried on in all three prairie provinces. Indicative of the rate of development work done by the industry, Manitoba is now producing at an annual rate which will supply almost half of its annual consumption. Natural gas discoveries have been well up this year and with the recent announcement of plans for the construction of the pipeline to carry gas to central Canada, this source of wealth will in the foreseeable future flow into the economy. An early start on the Toronto-Montreal branch of the pipeline is planned, for completion late next year, when it will, pending approval of the United States Federal Power Commission, be fed by gas from the Tennessee Gas Transmission Company until such time as it is connected with the line from western Canada.

PROSPEROUS conditions in the economy during the past year have contributed to and in part resulted from an expansion in foreign trade. The high level of domestic spending and capital investment increased our imports by some 12 per cent in the first nine months of the year, with all areas except the United Kingdom sharing in the increase. Likewise the high level of industrial activity in other parts of the world resulted in increasing foreign demand for many Canadian primary and extractive products. The value of our exports to the United Kingdom and Commonwealth countries increased relatively more than those to the rest of the world, while to Latin America and the Far East, exports will be lower than last year. This is resulting in a much larger favourable balance in merchandise trade with the United Kingdom, and an increase during the first nine months of this year of more than \$150 million in our deficit with the United States. In other words, our bilateral trade with our two major trading countries is more unbalanced than last year, and the overall multilateral deficit in commodity trade in the nine-month period was \$43 million larger than in the same 1954 period.

A study of the pattern of export commodities reveals

that the gains this year were largely in primary products with the exception of newsprint and chemicals. Secondary goods appear to be suffering from cost or price differentials. While actual comparisons of prices and wage levels between countries are subject to many inaccuracies, it is generally recognized that the high standard of living and high wage levels in Canada at the present time reduce the competitive position of Canadian manufactured goods against those made in Britain, Germany and Japan, among others, and that we have not, generally speaking, the benefits which the United States derives from mass production methods made possible by their larger market.

WHILE dealing with the agricultural scene I cannot refrain from commenting on certain aspects of the current situation that bear contemplation and reflection in the light of the wider applications. Production artificially encouraged by subsidies or support prices cannot, in the long run, result in other than market disturbance. When products enter into world markets, such activity invites retaliatory measures such as import restrictions and the like—restrictions certainly not within the framework of multilateral principles seemingly supported by many of the free nations of the world. The world wheat situation presently is a case in point and surely we can do something more than rely on acts of God to solve difficulties and reduce surpluses.

SINCE the steady rise in capital investment has been one of the dynamic factors in the maintenance of buoyant business conditions one is bound to ponder the questions and issues inherent in encouraging a steady flow of investment funds. It is generally agreed that over the past few years a large proportion of total capital formation has come from corporate saving as contrasted with open market activity. It is possible that this pattern may shift and that more capital may have to be sought from the public, provided of course that the investment climate is favourable. Time does not permit of exhaustive discussion of possible alternative government measures in the field of monetary and fiscal policy to encourage capital investment, but I am compelled to suggest that the tax policy should be geared to the encouragement of venture capital. I suggested a moment ago that we might see some shift towards seeking public subscription for capital expansion. Generally speaking, in a period of growth, a corporation's working capital position will need to expand accordingly and a growing corporation well may have to look to the public for its capital needs.

THE price structure continues to be strong, and, in fact, evidence is accumulating to suggest, tentatively at this point, that prices may again move upward in the months to come. We continue to have the wage-price spiral ever before us, though differing in impact from time to time.

This invites comment on the growing belief that parity wage rates can be achieved as between the United States and the Canadian economy. Whether this view is encouraged by international influences or is of domestic origin is difficult to ascertain. Regardless of source, it is suggested that, while the factor of monopoly power over an important element of production possibly and probably can achieve this statistical relationship for a short period of time, the longer run implications will equally influence such action. Bearing in mind the size of our markets and the disposition of our resources, there is bound to be a social cost in achieving such a goal. As we improve our productivity and as our markets expand, thereby allowing for reduced costs per unit, it is conceivable that we can achieve some measure of parity at some future date. But legislating for it or negotiating for it

now are fraught with difficulties and particularly since "full employment" continues to be an objective of policy, we must not price ourselves away from this goal.

As we turn our thoughts to the year ahead it is well to bear in mind the continuing importance of our trade to the maintenance of a high level of business activity. It may well be that the diversity and depth of our industrial evolution has provided some degree of "insulation" from recessions in other parts of the free world. On the other hand, the breadth and extent of the upsurge in United States business conditions certainly played an important part in stimulating our economic recovery this year. If it can be anticipated—and signs are not wanting to invite such anticipation—that the momentum presently inherent in the American economy will carry well into the coming year, then we can expect stimulation in at least two directions: in continued demand for our export products, and in the psychological factor—confidence in business.

We seem at this point to have established a tempo of production and consumption reflected in a level of Gross National Product approximating \$26 billion. If productivity improves during the coming twelve months by two to three per cent in the aggregate, and if we assume even an average agricultural outturn, we well might anticipate an even higher Gross National Product for 1956—in the neighbourhood of \$26½ billion. Should this be the case such improvement would be reflected in a relatively higher level of disposable income than last year and the natural concomitant thereof—a high level of employment. If confidence in the future continues firm then business in most fields of activity should continue to show further improvement.

On the spending side it would be in line with the prospective movement of Gross National Product to suggest that both capital spending and consumer spending will continue in an upward direction. The consumer spending pattern continues to be quite flexible and it might be that increasing amounts will be spent on services during the coming year. In the capital sector it is likely that somewhat less will be spent on housing than during this year while industrial expansion is likely to show some acceleration.

I WOULD conclude on a note of caution arising from the growing awareness of the fact that scientific developments may have brought us closer to the absence of war as we understand it at the mid-twentieth century. In fact, atomic and nuclear developments seem at this time to have generated a form of military stalemate. We must adjust our thinking to meet the change that this signifies. But of even greater significance to my mind is that under such conditions the dangers of propaganda are heightened rather than reduced. We must be on guard lest internal disturbances and doubts weaken the political and social fabric to the extent that our basic objectives are obscured or that we lose the will to defend them. We must learn to live with the technological and scientific developments that we already have witnessed and those that are ahead of us, and we must be prepared to resist attempts from whatever source to destroy the political and economic framework within which we have accomplished so much up to the present and which promises so much for the future.



NEIL J. MCKINNON, VICE-PRESIDENT and GENERAL MANAGER, after reviewing the balance sheet, highlights of which are summarized below, said in part:

The eighty-ninth Annual Statement of the Bank now before you reflects a record breaking year of growth in the business of the institution. Aggregate deposits increased by more than \$272,000,000 and total assets increased over \$298,000,000 to a total of more than \$2,356,000,000 reflecting the greatest year of growth in the Bank's history.

Business conditions during the past year moved forward from the pause in 1954 into steadily increasing activity and practically all aspects of the economy with the important exception of agriculture will achieve new records. In agriculture the generally good, even bumper, crops tend to offset the lower farm prices for many products and farm cash income for the year will not likely differ much from that of 1954.

The increase during the year in all forms of credit has been substantial and with business at a higher level of activity and with presently no general labour surplus of consequence available for employment some caution is necessary to guard against the possibility of an increase in money supply with no corresponding increase in production of goods and services, which would of course encourage increasing price levels. No one under these conditions can justifiably object to a degree of restraint designed to avoid an unwarranted expansion of credit but it is at the same time of the greatest importance that there should be continuous adaptation to the legitimate needs of business growth. The banking mechanism is a sensitive one and policies and attitudes need to be at all times flexible, with a full understanding that the business and trading environment is constantly in a process of change.

The Balance Sheet shows an increase in personal savings deposits in excess of \$95,000,000 and an increase in other deposits of approximately \$169,000,000. Deposits by governments declined \$16,000,000 while deposits by other banks increased by \$24,000,000.

There has been an increase of \$150,000,000 in the quick assets of the Bank reflected principally through an increase in cash and transit items of \$32,000,000, an increase in holdings of Government of Canada securities of \$42,000,000 and an increase in call loans of \$38,000,000.

Other current loans increased by \$98,000,000 and mortgage loans under the National Housing Act increased by \$43,000,000.

The Balance Sheet also reflects the increase in capital stock and Rest Account arising from the issuance of subscription rights to shareholders in December 1954. The Rest Account has been additionally increased by a transfer of \$2,250,000 from profits and, in all, the shareholders' investment in the Bank has increased by more than \$22,000,000 during the year.

The Statement of Undivided Profits shows an increase in profits after taxes of \$855,000 and after paying enlarged dividends arising from the issuance of additional capital stock there remained a sum of \$3,001,000 out of which, as already mentioned, \$2,250,000 was transferred to the Rest Account leaving a balance in Undivided Profits of \$1,399,000 compared with \$647,000 a year ago.

**ANNUAL STATEMENT HIGHLIGHTS — YEAR ENDED OCTOBER 31, 1955**

ASSETS		LIABILITIES	
Cash Resources (including items in transit)	\$ 350,329,012	Deposits	\$2,211,427,472
Securities	873,804,326	Acceptances, Guarantees and Letters of Credit	32,506,859
Total Loans	1,011,450,327	Other Liabilities	8,137,603
Mortgages and Hypothecs insured under the N.H.A. 1954	49,172,067	Capital, Rest Account and Undivided Profits	104,837,971
Acceptances, Guarantees and Letters of Credit	32,506,859		
Other Assets	39,647,314		
<b>Total Assets</b>	<b>\$2,356,909,905</b>	<b>Total Liabilities</b>	<b>\$2,356,909,905</b>

**STATEMENT OF UNDIVIDED PROFITS**

Profits before Income Taxes	\$14,309,899
Provision for Income Taxes	7,050,344
Balance available for distribution	\$ 7,259,555
Dividends	4,258,111
Amount carried forward	\$ 3,001,444
Balance of undivided profits October 31, 1954	647,648
	\$ 3,649,092
Transferred to Rest Account	2,250,000
<b>Balance of undivided profits October 31, 1955</b>	<b>\$ 1,399,092</b>

The full text of the President's and the General Manager's addresses may be obtained by writing to the Secretary, Head Office, Toronto.

**THE CANADIAN BANK OF COMMERCE**

More Than 700 Branches Across Canada



Don't be surprised if one of these days you see a coal truck go by loaded with shining stuff that certainly doesn't look like coal. One big coal company now sprays its anthracite with aluminum paint. Not only makes it cleaner to handle; it burns better, too.

We note, too, that aluminum is involved in another fuel operation—this time in capturing heat from the sun. An aircraft company operates a solar furnace that focuses the sun's rays by means of a 120-inch aluminum reflector to create temperatures up to 8,500 F. It is used to test materials under extreme heat.

ALUMINUM COMPANY OF CANADA, LTD. (ALCAN)