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## Who Dares War?

DOWN THROUGH THE AGES the fields of human warfare have been widening and, instead of one nation rising against another nation, the nations are now divided into two opposing and mightily-armed groups for a universal struggle for supremacy. This may be a better omen for world peace than appears on the surface for the very fact that both sides may be armed with atomic and other weapons, by which they could mutually exterminate each other, should deter them from entering into such a conflict. One thing seems certain, that another world war would bring about world peace—but it would be the peace of a universal graveyard.

So it may be that, with the dividing of the world into two camps equally armed with scientific weapons of destruction against which there is no defence, neither side would dare to start another world war. War may thus defeat itself by the terror of its own weapons and a stalemate in arms. There is no such stalemate at the present time so far as the atomic bomb is concerned for, assuming that the Russians have succeeded in making the bomb, the United States holds the balance of power in that respect. This balance of power is not held by the Americans for aggressive purposes.

The Soviet government knows right well that the United States and the other democratic nations have no intention or desire to attack or invade Russia for what they can get out of that country, as the Germans did in the last war. The Soviets, on the other hand, have already declared political war upon the democratic nations with the avowed intention of stirring up industrial revolutions as a prelude to Communist world conquest. They are thus the real and only warmongers.

For the time being, at least, the atom bomb monopoly in the hands of the democratic nations is the best assurance of world peace. It is an armour of defence. Maybe we should cease talking or worrying about another world war for, even if the Russians caught up to us in the making of atom weapons, they would never dare to take the initiative in using them for, by that time, Stalin, Molotov and the rest of the would-be world-rulers might be dead and the Russian people might be free.

## THE BUS FRANCHISE

EVEN THOUGH the present situation in regard to settling the local bus franchise question may have been reached by proceedings somewhat confusing and round-about, the city council is well-advised to take some action to clear up the position and obtain, as is now proposed, a fuller expression of public opinion than would have been possible under the bylaw as now being offered. Tonight the council will meet to take such action.

Certainly it is desirable that the voters should be allowed to decide whether or not a franchise should be granted. Whether or not the out and out question of one applicant receiving the franchise is a desirable way to put it is something that the council will discuss and settle tonight.

In any case, it is desirable that there should be a better expression of public desire on the whole question than would otherwise have been forthcoming.



George W. Spinney, C.M.G., President, and B. C. Gardner, M.C., Vice-President and General Manager, who addressed shareholders at the Bank of Montreal's 130th annual meeting.

## Bank of Montreal President Says Self-Imposed Restraint Needed to Fight High Prices

George Spinney Also Asks For Immediate Selective Immigration Policy For Canada

B. C. GARDNER, GENERAL MANAGER, REPORTS B of M DEPOSITORS NOW OVER 1,600,000; CAUTIONS BUSINESS ON FINANCING

MONTREAL, Dec. 1.—"Self-imposed restraint from charging what the traffic will bear, either for goods or the skill required to produce them, is as necessary, as practical and as prudent as fire insurance on a highly inflammable structure." In these words, George Spinney, president of the Bank of Montreal, today emphasized the need of a "sharpened sense of responsibility" among all influential groups in the community for the implications of their policies in relation to the behaviour of price and living costs.

Speaking at the bank's 130th annual meeting, Mr. Spinney said that self-restraint in the matter of prices and costs is a "safeguard that no group, representative of labor or industry and responsible for shaping policies that bear on prices and costs, can afford to ignore in the interests of their own continued well-being, apart entirely from broader and no less important considerations of the collective welfare of the entire community."

The great rise in prices and costs was described as "everybody's concern" by Mr. Spinney, who observed, "It affects the housewife, ruefully contemplating the family budget. It enormously complicates the problem of providing urgently needed housing at prices that people can afford to pay. It reduces the real value of all accumulated savings in monetary form, eating away at the hard-won rewards of foresight and thrift."

"While we in Canada have been spared the hardships of violent inflation, he concluded, "we have experienced enough of the consequences of a gradual depreciation of the internal purchasing power of our dollar to yearn for the advantages of a dependable standard of values in terms of a stable level of prices."

**Less Government Spending**  
Emphasizing the need for reduced government outlays, Mr. Spinney said that, at the present time, "even the most ardent proponent of compensatory public spending would, I think agree that we have arrived at one of those points in the economic cycle where old-fashioned virtues of frugality are thoroughly consistent with the dictates of the most advanced economic theory. The course now indicated is the difficult and more courageous route of remorseless elimination of luxuries of governmental expenditure, which represent an unnecessary demand on the taxpayer and on our productive resources."

Noting that Bank of Montreal loans had increased by 91 per cent since the end of the war, Mr. Spinney explained that this trend was much in the nature of a readjustment during which banks had been resuming their normal and necessary role as a source of credit in a peacetime economy.

**Constructive Credit Policy**  
"I am satisfied," he continued, "that this bank has been, and is now, actively pursuing a liberal and constructive credit policy in the broadest and best sense of these terms. But, as I endeavoured to emphasize last year, it is certainly not a part of such a policy to encourage a business or an individual to get into debt for ill-considered expansion or for any other purpose in conflict with sound and reasonable practice. Only by a continuing concern to avoid extension of credit for such purposes can our responsibilities be fulfilled—not only to borrowers, depositors and shareholders, but I should add with special emphasis, to the community as a whole."

"It is at a time like the present," Mr. Spinney added, "that the practical value of the highly personal relationship between banker and customer becomes most fully apparent. Every situation has its individual aspects, and in meeting each one intangible factors of character and personal knowledge arising out of long experience are given due weight."

"I know of no business less fitted to the routine techniques of bureaucracy than banking," he said.

**Immediate Immigration**  
Touching on our unbalanced trading relationships, Mr. Spinney suggested that Canada

should forcibly direct her attention to ways and means of shaping a more balanced economy, thus lessening this nation's dependence on, and vulnerability to, influences beyond her control.

"To put the matter bluntly," he declared, "Canadians are at this moment helping to support, at a low level of existence, many of these people who could and should be craving out a fuller life for themselves in this country in which there are far too many empty spaces. If ever there was a time when Canada should press forward with an immigration program, that time is now," he said. "Such a policy must be vigorous, imaginative, and it goes without saying, highly selective from the standpoint of occupation and fitness for citizenship."

"An influx of new skills," Mr. Spinney continued, "will be of immeasurable aid in bringing about the further development of our industrial capacity, both extensively and intensively, and thus helping to overcome some of the instabilities that are the inevitable consequence of our present relatively small home market and our over-independence on external trade."

**General Manager's Address**  
In his report, B. C. Gardner, general manager, reported a new high in the number of B of M deposit accounts—now more than 1,600,000. Total deposits were \$1,783,000,000, he added, as compared with \$1,736,000,000 for the previous year.

As further evidence of the bank's expanding post-war activity, Mr. Gardner noted that the bank had opened 28 branches and sub-agencies during the year. There had been a relatively greater increase in bank personnel which grew from 8,400 in 1946 to 8,900 at the end of the current fiscal year. He referred to the bank's staff training program, the increasing mechanization of routine transactions, and the establishment of a group of routine organization officers whose duty it was to assist branches in simplifying and improving their operations.

Turning to the volume of foreign trade in the last year, Mr. Gardner reported that importers and exporters have made increasing use of the bank's facilities, while the demand for travel funds and foreign remittances has also been greater.

Through its relationships with banking correspondents in practically all foreign countries, Mr. Gardner said that the B of M had found that dealing with long-established banks in their respective countries enabled the bank to provide its customers with unexcelled facilities for conducting their import and export trade.

**Sound Financing Needed**  
Referring to the increase in borrowing for capital purposes, Mr. Gardner emphasized the importance of maintaining in corporate structures, a reasonable relationship between equity capital and borrowed money. This, he said, applied particularly to concerns that had been expanding rapidly and whose equity investments had become proportionately small in relation to higher turnover and increased fixed assets.

"One of the necessary conditions of a vigorous and healthy flow of equity funds into industry is a taxation policy which makes investment of risk capital both possible and worthwhile," Mr. Gardner pointed out. "In this connection," he went on, "it may be said that the high taxation of recent years, in addition to discouraging new equity investment, has encouraged a substitution of borrowed money for shareholders' funds in existing

capitalizations, principally because of the fact that interest is deductible as a prior charge before arriving at taxable income. While this is an understandable development from a taxation standpoint, it has in many instances had the effect of introducing an undesirable element of rigidity in corporate financial structures.

**Working Capital Needed**  
"I also feel," he continued, "there may be some danger that under present conditions some concerns are attempting to do a larger volume of business than is warranted by their capital resources. While I do not suggest that this development has reached alarming proportions, I do feel that where the physical volume of business is substantially larger and prices are higher, the need for adequate working capital should be kept actively in mind. This is particularly true in long as the high level of tax-fits that can be retained in the business."

In his closing remarks, Mr. Gardner paid warm tribute to the staff. Noting that numerous returned veterans on the staff already occupied important posts, he added that many new entrants engaged since the war were also veterans. Mr. Gardner

paid special tribute to the women employees who comprise some 56 per cent of the total staff.

"The organization and arrangements relating to the development, the progress and the welfare of our staff are under continuous and careful study," Mr. Gardner said. "I know of no feature of our business that has required more care and consideration over the past year."

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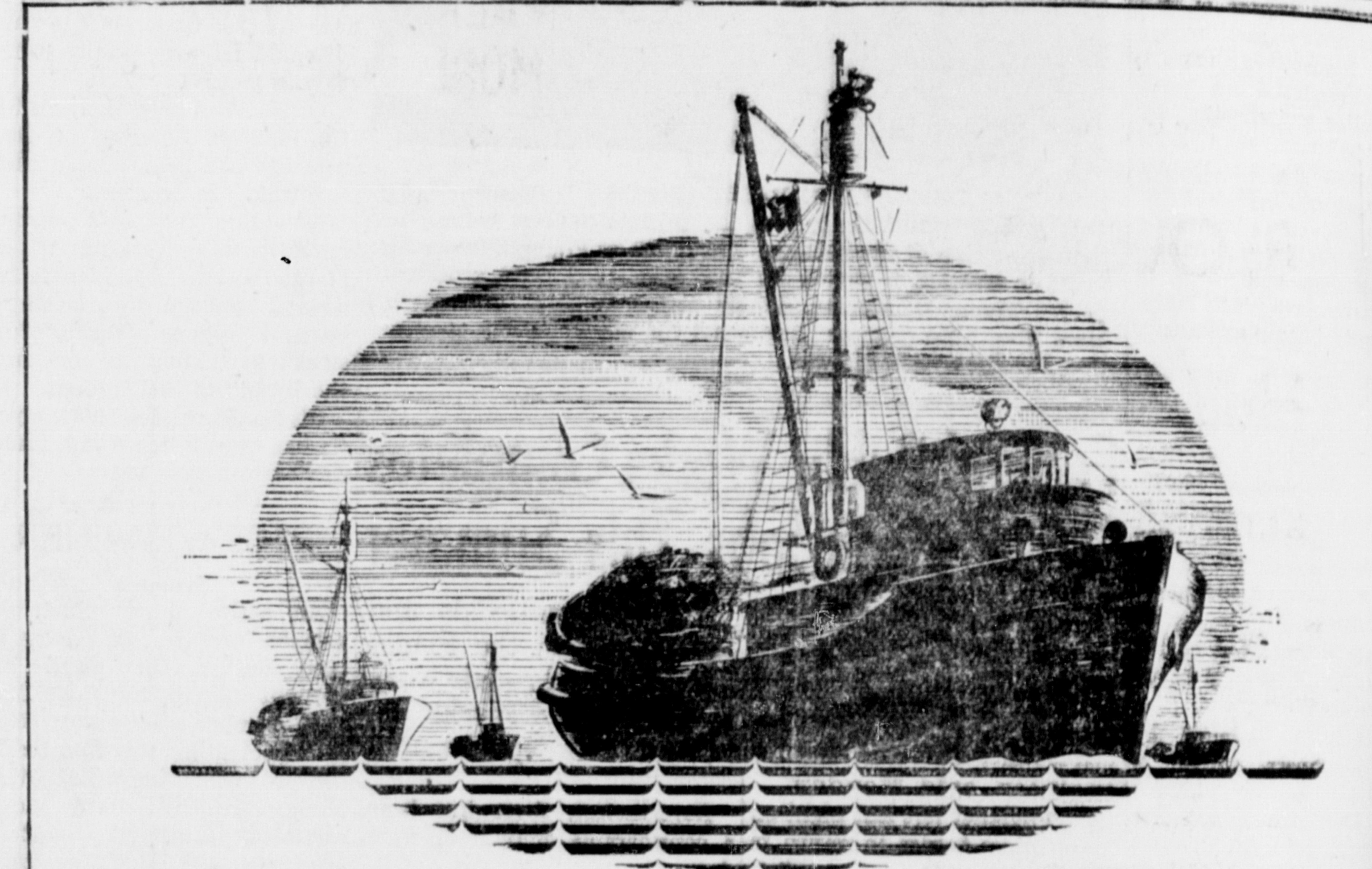
**KIDDIES GET CULTURE**  
WINNIPEG (C)—The Manitoba Education department's weekly art broadcasts are making a hit with students. Object of the broadcasts, heard in 500 school rooms, is to teach youngsters to express themselves freely, observe their surroundings and acquire feeling for beauty and color.

**FOURTH ESTATE**  
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