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EDITORIAL

News Department Telephone 86
Member of Audit Bureau of Circulations

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THE TIME TO BUY

According to the financiers the Dominion government is losing money on its annuities which means that the people who buy annuities at the present rate make money on it. Possibly the government wishes to encourage savings in that manner and is willing to lose a little money with that end in view. At any rate this seems a good time to buy before the rates are changed.

WHICH WAS BETTER SYSTEM?

The New York Times publishes comparative figures in regard to the national incomes of Britain and the United States with a view to showing that the British system of pay as you go was better than the American system of trying to spend itself out of the depression.

In connection with this we must always remember that money expended on defences is also devoted largely to keeping people employed. In Canada money laid out in air bases and other defense projects should reduce the amount paid in relief.

In 1938 the British national income is given as \$23,672,000,000 and the United States income during the same period was \$64,664,000,000. The population of the United Kingdom is given as 45,000,000 and the population of the United States as 130,000,000.

A TAHITI TALE

Tales of the tropical Pacific islands are usually interesting and "The Dark River" is no exception to the rule. It is by Charles Nordhoff and James Norman Hall, known best as joint authors of "Mutiny on the Bounty," "Pitcairn's Island" and "The Hurricane." As a study of the race problem and of life in the French islands it is excellent. It is also a story that holds the reader, although many do not like the type which is too true to life to be always happy.

Part of the yarn shows how two young people can live and have children on an uninhabited island for several years and enjoy almost every minute of the time.

The word pictures of the islands are fine and the description of the people excellent. The book is one well worth reading for those who look chiefly for human interest in the books they read.

ENLIGHTENING ADDRESS ON CANADIAN BANKS

(Continued from Page One)

have been presidents of our Chamber of Commerce, service clubs, hospital boards, church committees, etc. Who knows but that one of our lads in one of our Rupert banks may be a general manager some day. He can be if he has the ability and cares to work. There is no favoritism.

Functions of Bank

"Now as to shareholders. It is said that the banks are controlled by a few wealthy shareholders who dictate policy. Nothing is further from the truth. Banks are owned by a great many small investors. There are some 49,000 shareholders. Their average holding is roughly 20 shares. The Macmillan Royal Commission of 1933 found that, of the 1,445,000 shares issued, the 160,000 directors held less than 400 shares each or 3.79 per cent. This position has not materially changed since.

"The rest of the shares are held by more than 48,300 people who annually elect their own directors.

"An examination of the shareholders' lists, which can be seen by anyone, in Ottawa, will show that thousands of shares are held in trust for estates, viz., widows and orphans. Most definitely no individual or group of individuals controls the stock of our banks.

"Now what are the functions of a bank? I will place them in their order of importance.

First—Safe custody for the people's savings, viz., savings accounts.

Second—Safe custody for merchants' and producers' liquid cash viz., current accounts.

Third—Transfer of cash from one part of Canada and the world to another to pay debts.

Fourth—Safe investment of the people's savings and liquid cash.

Fifth—Lending money to individuals and industry from the people's savings.

"Most important is savings accounts. There are over four million people in Canada with savings accounts averaging about four hundred dollars each, or over one in every three of the men, women and children in this country has a savings pass book. This represents the bulk of the bank's merchandise and their principal job is to protect these savings which, in hundreds of thousands of cases, are the life's accumulation of hard work. The banks are keeping these savings locked up and resisting the efforts of a lot of people who are looking at them with hungry eyes. When our political leaders talk about using the national credit to build bridges, roads and public buildings what they really mean is dipping into your savings account as every time the government sells bonds for such purposes the bonds are mostly bought by the banks or insurance companies with your savings.

"It is a strange trait of human nature that we are so careless about our cash savings and careful about our material savings. If you go away for a long time you store your furniture in a warehouse, pay rent and insurance but certainly do not give your warehouseman permission to use the furniture or rent it. There is no logical reason why you should allow the bank to use your savings but you do so because he doesn't charge you rent but pays you for the money in-

stead. That being so, it would seem logical that you would watch the keeper and see that he doesn't destroy your property and when any attempt is made from the outside to depreciate your savings you would support the bank. But you leave it all to him, I suppose, because he has your confidence. It is a little unfair and I would suggest more support and resistance in other words let's coin another phrase "Hands of our savings."

"The second function is important as it means looking after our pocket cash which we use to pay our bills. The amount left with the banks for this purpose is quite large and in most cases no charge is made for keeping it for you. However, this also can be dipped into if we are not careful.

"The third function is really the most marvellous function of all. We accept it without thought but it really is intricate and works with the precision of a fine watch. Without the facilities of the bank to pay our debts business would be chaotic. Once again we accept as commonplace a service which actually is responsible for keeping the wheels of commerce revolving. The banks are the medium for exchanging goods and services from one part of the world to another at a cost so low that it hardly affects our sales price or costs. Without banking equipment it would be almost impossible for the halibut and salmon fishermen to operate. We buy halibut and salmon in dollars and our customers sell it in pounds, francs, marks, kroner. The bank collects all these for us and gives us back dollars. They protect us against exchange fluctuations. We get our money back in Rupert the same day the goods are delivered in England, France, Norway or Sweden. Think of the easy way in which a retailer buys and pays for his goods. Now the bank arranges settlement between buyer and seller. The technique of all this has been developed over the past two hundred years but it can break down overnight if there is any monkeying with our banking credit. This is particularly true in Canada whose prosperity depends on keeping the flow of commodities moving, without restraint, to the world's markets. There is no primary industry in Canada not dependent on foreign markets to take most of its production and our population would starve without foreign markets.

"The fourth is the investing of the people's savings in safe and liquid securities so as to pay back savings when needed. The banks are in wonderfully liquid condition. Experience has told the banks how much is needed even in times of severe crisis and the figures show that their easily realizable investments far exceed the bare safety point.

Money Lending

"The fifth is probably the cause of more criticism than any other and that is money lending. There is an idea abroad that the banks are a bottomless pit. That they can create money by writing in a ledger. Well they could create money with pen and ink but that is exactly what the Dominion Bank Act prevents and it is called by another ugly name deliberately avoided by our reformers and that is inflation. Inflation caused the French revolution, was probably the cause of a dictatorship in Germany and has resulted in unhappiness and distress in France. Daniel Webster says that "inflation

is the cruellest form of robbing the working man."

"The only money the banks can loan are the sums deposited with them for safe custody, no more and no less. If they could do more than this and money can be created so easily why haven't more banks been started? Anyone can get a bank charter and start up tomorrow. All that is needed is \$250,000.00 and the Dominion government will issue a charter so long as the people subscribing are honorable people. No bank charters have been refused to anyone so long as they can conform to the simple conditions covered by Dominion government regulations. Our friends in Alberta have been offered a charter any time they want it. But they are wise enough not to take it out as it would immediately show up their ignorance and the folly of their policy. It would be an empty shell as no one excepting a fanatic would deposit their savings in their bank and without savings they couldn't function.

"Well how true is it that the banks won't loan money for commercial purposes? I can cite my own experience. During the past twenty-five years I have, for my company, borrowed millions from the banks. On no single instance have we had any difficulty in getting it. We wanted, we have never been refused a loan and our loans have never been called even in the depths of the depression. I have

had dozens of people tell me that they cannot get bank loans but I have always tried to find out why and they are always for the same reason that their loan would not comply with bank regulations.

"One of the larger Canadian banks published some figures last month which answers the accusation that the banks don't loan. They are quite startling. During the preceding eleven months they made 106,000 individual loans of less than five hundred dollars each aggregating fifteen million dollars, and also during the preceding two years made 108,000 separate loans called "personal loans" aggregating fifteen million dollars. This excludes any large commercial loans and mark you, is only one of the ten chartered banks. A lot of the talk about the banks' refusal to loan money is straight political propaganda.

"The reason for the recent drop in loans is because business is not active enough to require borrowings and moreover commodity prices are so much lower that it requires less money to finance. To borrow against halibut today needs only sixty percent of 1929 as the price then was ten cents and today six cents. The price of wheat in 1929 was double today's price, so it requires only half the bank loan to finance wheat today.

"Personally, I give the banks a clean bill of health and repeat our slogan should be 'Hands off the banks.'

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IN THE SUPREME COURT OF BRITISH COLUMBIA
IN PROBATE
In the Matter of the "Administration Act"
And
In the Matter of the Estate of John Walford Strombeck, Deceased.
TAKE NOTICE that by order of His Honour, W. B. Fisher, the 13th day of January, A. D. 1939, I was appointed Administrator of the estate of John Walford Strombeck, deceased, and all parties having claims against the said estate are hereby required to furnish same property verified to the on or before the 13th day of February, 1939, and all parties indebted to the said estate are required to pay the amount of the indebtedness to the forthwith.

NORMAN A. WATTE,
Official Administrator.
Prince Rupert, B. C.
Dated the 13th day of January, 1939.

FORM No. 13
(Section 39)
LAND ACT
In Range 4, Coast Land District, 20 Recording District of Prince Rupert, situated on the east bank of the Bulkley River thirty miles from Port Simpson, B. C. Take notice that Norman A. W. W. Watts, Esq., of Vancouver, occupation Minister, intends to apply for permission to purchase the following described lands:—
Commencing at a post planted at N. W. Corner of Lot 2666 being Sulphide No. 11 Mineral Claim; thence S. 6 degrees 45' W. 2 chains following the south boundary of Sulphide No. 11 Mineral Claim to the Eastall River; thence Southerly and Easterly following the east bank of said river 2 chains more or less to the west boundary of S. No. 1 Fractional Mineral Claim; thence Northerly and Westerly following the westerly and southern boundaries of S. No. 1 Fractional Sulphide No. 6 and Sulphide No. 11 Mineral Claims; thence more or less to the point of commencing and containing forty acres more or less.
Dated November 6th, 1938.
NORTHERN PYRITES LTD.
Fred Nash, Agent.

MINERAL ACT
(FORM F.)
Certificate of Improvements
NOTICE
Sulphide No. 1, Sulphide No. 2, Sulphide No. 3, Sulphide No. 4, Sulphide No. 5, Sulphide No. 6, Sulphide No. 7, Sulphide No. 8, Sulphide No. 9, Sulphide No. 10, Sulphide No. 11 & S. No. 1 Fractional Mineral Claims situated in the Skeena Mining Division of the Coast District.
Where located:—
On the Eastall River on or near Bulkley Creek.
TAKE NOTICE that I, Frederick Pyrites Ltd., Free Miner's Certificate No. 40979 E, intend, sixty days from the date hereof, to apply to the Mining Recorder for a Certificate of Improvements for the purpose of obtaining Crown Grant of the above claim.
And further take notice that, under section 85, must be commenced before the issuance of such Certificate of Improvements.
Dated this 15th day of November, 1938.

FORM No. 13
(Section 39)
LAND ACT
In Range 4, Coast District, Land Recording District of Prince Rupert, situated on the West bank of the Bulkley River thirty miles from Port Simpson, B. C.
Take notice that Forbes William Guernsey of Vancouver, occupation Mining Engineer, intends to apply for permission to purchase the following described lands:—
Commencing at a post planted at the South-west corner of Lot 2667 being Sulphide No. 9 Mineral Claim; thence South 40 chains; thence East 20 chains; thence South 20 chains; thence more or less to the West boundary of Sulphide No. 7 Mineral Claim; being Lot 2664; thence Northerly 2 chains following the West boundary of Sulphide No. 7 and S. No. 1 Fractional Mineral Claims to the West bank of the Eastall River; thence Westerly and Northerly following said bank 80 chains more or less to the South boundary of Sulphide No. 9 Mineral Claim; thence S. 87 degrees 45' W. 2 chains following the said boundary to the point of commencing and containing 120 acres more or less.
FORBES WILLIAM GUERNSEY,
Fred Nash, Agent.
Dated November 6th, 1938.

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