

THE CANADIAN BANK OF COMMERCE

HEAD OFFICE - TORONTO, ONTARIO

CAPITAL PAID-UP	-	-	-	-	-	-	\$6,000,000
REST	-	-	-	-	-	-	\$1,000,000

DIRECTORS:

HON. GEORGE A. COX,	-	-	PRESIDENT.
ROBERT KILGOUR, ESQ.,	-	-	VICE-PRESIDENT.
JAMES CRATHERN, ESQ.		MATTHEW LEGGAT, ESQ.	
WM. B. HAMILTON, ESQ.		JOHN HOSKIN, ESQ., Q.C., LL.D.	
		JOSEPH W. FLAVELLE, ESQ.	

B. E. WALKER, General Manager.	
J. H. PLUMMER, Asst. General Manager.	
A. H. IRELAND, Inspector.	M. MORRIS, Asst. Inspector.

BRANCHES AND AGENCIES.

ONTARIO—

AYR	JOHN WYLLIE.....	Agent.
BARRIE	H. J. GRASETT	Manager.
BELLEVILLE.....	C. M. STORK.....	"
BERLIN	W. C. J. KING.....	"
BLENHEIM.....	G. A. HOLLAND	"
BRANTFORD.....	JEFFERY HALE.....	"
CAYUGA	W. C. T. MORSON	"
CHATHAM	J. E. THOMAS.....	"
COLLINGWOOD	JAS. BRYDON.....	"
DRESDEN	R. T. MUSSEN	"
DUNDAS	F. W. HOLMESTED	"
DUNNVILLE	R. G. W. CONOLLY.....	"
GALT.....	D. H. CHARLES.....	"
GODERICH.....	R. S. WILLIAMS.....	"
GUELPH.....	J. M. DUFF	"
HAMILTON	WM. ROBERTS	"
LONDON	D. B. DEWAR	"
ORANGEVILLE	F. Y. CHECKLEY.....	"
OTTAWA	ROBERT GILL	"
PARIS	R. C. MACPHERSON.....	"
PARKHILL.....	G. M. WEDD.....	"
PETERBORO.....	R. C. MCHARRIE.....	"
ST. CATHARINES.....	F. O. CROSS	"
SARNIA	A. D. MCLEAN.....	"
SAULT STE. MARIE	D. MCGREGOR	"
SEAFORTH.....	F. C. G. MINTY.....	"
SIMCOE	E. COWDRY.....	"
STRATFORD	W. MAYNARD, JR.....	"
STRATHROY.....	L. H. DAMPIER	"
TORONTO (Chief Office) ...	{ JOHN C. KEMP.....	Asst. Mgr.
	{ JOHN AIRD.....	
268 COLLEGE, COR.SPADINA	W. MANSON.....	Manager.
163 KING ST. EAST.....	H. W. FITTON	"
399 PARLIAMENT ST.....	V. E. HART.....	"
712 QUEEN ST. EAST.....	J. G. BOYCE.....	"
544 QUEEN ST. WEST	E. M. PLAYTER.....	"
450 YONGE, COR. COLLEGE.	T. S. HARRISON	"
791 YONGE ST.	R. J. MONTGOMERY....	"

BRANCHES AND AGENCIES—Continued

TORONTO JUNCTION R. C. JENNINGS Manager.
 WALKERTON G. W. MCKEE "
 WALKERVILLE J. L. HARCOURT "
 WATERLOO A. W. ROBARTS "
 WINDSOR J. L. HARCOURT "
 WOODSTOCK G. de C. O'GRADY "

QUEBEC—

MONTREAL { A. M. CROMBIE Manager.
 A. KAINS Asst. Mgr.

MANITOBA—

WINNIPEG F. H. MATHEWSON Manager.

BRITISH COLUMBIA—

VANCOUVER H. H. MORRIS Manager.

YUKON DISTRICT—

DAWSON CITY { H. T. WILLS Manager.
 T. MCMULLEN Asst. Mgr.

UNITED STATES—

NEW YORK { ALEX. LAIRD } Agents.
 WM. GRAY }
 NEW ORLEANS.....

BANKERS AND CORRESPONDENTS.

GREAT BRITAIN—

The Bank of Scotland.

INDIA, CHINA AND JAPAN—

Chartered Bank of India, Australia and China.

AUSTRALIA AND NEW ZEALAND—

Union Bank of Australia, Limited.

SOUTH AMERICA—

British Bank of South America, Limited.

London and Brazilian Bank, Limited.

MEXICO—

Banco de Londres y Mexico.

WEST INDIES—

Bank of Nova Scotia, Kingston, Jamaica.

Colonial Bank and Branches.

BERMUDA—

Bank of Bermuda, Limited, Hamilton.

SOUTH AFRICA—

Standard Bank of South Africa, Limited.

Bank of Africa, Limited.

FRANCE—

Crédit Lyonnais, Paris.

Messrs. Lazard Frères & Cie, Paris.

GERMANY—

Deutsche Bank.

HOLLAND—

Disconto Maatschappij, Rotterdam.

BELGIUM—

Messrs. J. Matthieu & Fils, Brussels.

NEW YORK—

The American Exchange National Bank.

CHICAGO—

North-Western National Bank.

SAN FRANCISCO—

The Bank of British Columbia.

BRITISH COLUMBIA—

The Bank of British Columbia.

MARITIME PROVINCES—

The Bank of Nova Scotia.

GENERAL STATEMENT

31ST MAY, 1898.

LIABILITIES

Notes of the Bank in circulation.....	\$ 3,030,428 00
Deposits not bearing interest.....	\$ 3,490,953 75
Deposits bearing interest, including interest accrued to date.....	19,798,152 55
	23,289,106 30
Balances due to other Banks in Canada.....	16,125 89
Balances due to Agents in Great Britain	665,669 91
Dividends unpaid	1,837 92
Dividend No. 62, payable 1st June.....	210,000 00
Capital paid-up	\$ 6,000,000 00
Rest	1,000,000 00
Balance of Profit and Loss Account carried forward.....	42,935 57
	7,042,935 57
	\$34,256,103 59

ASSETS

Specie	\$ 419,259 38
Dominion Notes	889,776 75
	\$ 1,309,036 13
Deposit with Dominion Government for security of Note circulation.....	165,001 77
Notes of and Cheques on other Banks	894,186 13
Balances due by other Banks in Canada	71,756 10
Balances due by Agents of the Bank in the United States..	4,443,069 53
Government Bonds, Municipal and other Securities.....	7,444,102 56
Call Loans on Stocks and Bonds.....	2,651,532 73
	\$16,978,684 95
Time Loans on Stocks and Bonds	910,476 86
Other Current Loans and Discounts	15,131,578 20
Overdue Debts (loss fully provided for).....	161,002 91
Real Estate (other than Bank Premises).....	116,439 51
Mortgages	107,027 02
Bank Premises and Furniture	754,401 53
Other Assets	96,492 61
	\$34,256,103 59

THE CANADIAN BANK OF COMMERCE

REPORT OF THE PROCEEDINGS

OF

THE ANNUAL MEETING OF SHAREHOLDERS

TUESDAY, 21ST JUNE, 1898.

The thirty-first Annual Meeting of the Shareholders of The Canadian Bank of Commerce was held in the banking-house on Tuesday, 21st June, 1898, at 12 o'clock. There were present :—Hon. Geo. A. Cox, Messrs. N. Merritt, Wm. Spry, Robert Kilgour, C. S. Gzowski, jr., John Scott, John Taylor, W. B. Hamilton, John Hoskin, Q.C., LL.D., A. E. Ames, W. M. Flavelle, R. K. Connell, Thomas Gilmour, C. D. Massey, A. V. Delaporte, Matthew Leggat, Rev. A. B. Lawler, J. W. Flavelle, Walter S. Lee, Thomas E. Fraser, A. T. Wood, M.P., Hamilton; Philip Browne, Æmilius Jarvis, F. J. Roche, H. M. Ferguson, Wm. Cook, B. M. Britton, Q.C., Kingston; Henry Beatty, Rev. E. H. Dewart, A. H. Ireland, R. H. Temple, W. H. McCaw, Port Perry; Z. A. Lash, Q.C., Wm. McCabe, John L. Blaikie, Hon. A. M. Ross, J. W. Langmuir, N. Silverthorn, Robt. Somerville, Robt. Thompson, A. I. Hubbard, W. R. Riddell, Q.C., J. K. Niven, J. Kerr Osborne, A. E. Plummer, W. J. Gage, Thos. Sanderson, David Smith, Dr. Ryerson and others.

On motion, the President, Hon. Geo. A. Cox, was requested to take the chair, and Mr. J. H. Plummer, the Assistant General Manager, was appointed to act as Secretary.

It was moved by Dr. Hoskin, seconded by Mr. W. B. Hamilton, that Messrs. Philip Browne, J. Lorne Campbell and R. H. Temple act as scrutineers.

The President called upon the Secretary to read the Annual Report of the Directors as follows :—

REPORT.

The Directors beg to present to the Shareholders the thirty-first Annual Report, covering the year ending 31st May, 1898, together with the usual Statement of Assets and Liabilities :—

The balance at credit of Profit and Loss Account brought forward from last year, is	\$ 20,479 27
The net profits for the year ending 31st May, after providing for all bad and doubtful debts, amounted to	477,456 30
	<u>\$497,935 57</u>

Which has been appropriated as follows :—

Dividends Nos. 61 and 62 at seven per cent. per annum	\$420,000 00
Transferred to Pension Fund	10,000 00
Written off Bank Premises and Furniture	25,000 00
Balance carried forward	42,935 57
	<u>\$497,935 57</u>

The usual careful revaluation of the entire assets of the Bank has been made, and all bad and doubtful debts have been amply provided for.

In presenting the Statement at the close of the last fiscal year the Directors drew attention to the large resources of the Bank which they were obliged to invest in loans and securities yielding a low rate of interest. This condition continued throughout the year which has just closed until the marked revival in all channels of business two or three months ago.

The Bank has been appointed the sole agent of the Dominion Government for the collection of the royalty to be imposed on gold mined in the Yukon district. It has also been appointed the banker for all the ordinary business of the Government in that district. In consequence of this and of influential business connections in the Alaskan and Yukon countries, a branch of the Bank has been established at Dawson City. A branch has also been opened at Dresden, Ont., and the sub-branch at Chaboillez Square, Montreal, has been closed.

The Directors have again pleasure in recording their appreciation of the efficiency and zeal with which their respective duties have been performed by the officers of the Bank.

GEO. A. COX,
President.

The President:—The Report is now before you, gentlemen. We shall be glad to answer any enquiries you may make.

Mr. B. M. Britton, Q.C., Kingston:—Is the large balance shown in the Statement as due by agents in the United States a normal state of things, or exceptional for this year?

The General Manager:—Not very abnormal. We have large business interests in New York, Chicago and New Orleans. The Bank makes large loans in the United States at all times.

Mr. Britton:—The amount then represents investments there?

The General Manager:—It represents money invested by our own agents chiefly in call and short time loans. I might say in this connection, as I think it will be of interest to our Shareholders, that in 1893 we were able in consequence of the large resources which we had in the United States to bring in some \$3,000,000 to use in our Canadian business. I think I am right in saying that the Bank of Montreal and ourselves together brought back to Canada from May to

September about eight million dollars. This was the result of having money invested in the United States so as to be readily available in time of trouble, and is of course one of the chief reasons for our keeping moneys invested outside of Canada.

The President then delivered his annual address, as follows:—

PRESIDENT'S ADDRESS.

A year ago I had occasion to remark upon two very prominent features in the Statement of the Bank then laid before you. These were the rapid increase of our resources, and the difficulty we were experiencing in employing them profitably. Although the outlook is now changing for the better, at the close of our year our position was even more pronounced than in the previous year. Our deposits have now reached \$23,000,000, an increase over last year of almost \$4,000,000, and there is no special feature to note regarding this large increase. It is almost entirely due to the ordinary deposits of the many thousands who deal with the Bank. It will be seen that as against this growth in deposits we have increased our investments in bonds over \$3,000,000, our total holding of government and municipal securities and other bonds being now nearly \$7,500,000. It will also be noticed that out of total assets of \$34,000,000 about \$17,000,000, or one-half, are either immediately or almost immediately available. These are much larger figures than we have been accustomed to, and exhibit in a most forcible manner the strength of the Bank, and the high estimation in which it is held. But while this is a matter for congratulation, the difficulty of caring for this large amount of money, and of earning a profit over and above the interest paid on deposits, and the cost of administration, is very great indeed. We, however, fully expect that the revival which has set in will make the demand for ordinary commercial loans much larger than it has been for the past few years.



REGINA, SASK.

During the year an issue of Dominion Government bonds was placed upon the market, at a price yielding to the investor only about $2\frac{3}{4}$ per cent. per annum, and over one-half of the issue was taken by Canadian banks. These bonds will no doubt move steadily towards par, or a yield to the investor of only $2\frac{1}{2}$ per cent. per annum. In view of the fact that the administration of the post office and other Government savings banks costs about one quarter of one per cent. per annum, there was clearly no excuse for continuing to pay for such deposits three per cent. per annum, and we have to compliment the Finance Minister upon giving notice that after the 1st October the rate will be reduced to $2\frac{1}{2}$ per cent. Politicians have tried to show that this is a step specially favoured by the banks as opposed to the rest of the people. But this has been a very fruitless effort, not calculated to deceive any who have given the matter serious consideration. In a new country the majority are borrowers, and the real interest is in lower rates and not higher. If the government rate is kept the least fraction above the true value of the depositor's money the business community must suffer by the artificial rate thus maintained.

We are very glad to learn that there is some prospect of a settlement of the various questions at issue between the United States and Canada. The commercial importance of good relations between the two countries, of a reasonable tariff, and as little friction as possible in the routine connected with the international exchange of commodities, is not only very great to Canada but also to the United States. It is evident from the space devoted to the subject in prominent journals, that during the past year or two the people of the United States have become more intelligent than heretofore as to the value of trade with Canada. We should not and need not make any material concessions to the United States which are not fairly an exchange for concessions made to us. To know that we can prosper whether they are friendly or not is the best basis for a satisfactory adjustment. Never-

theless, we can afford to frankly admit that the present measure of our prosperity would be enhanced by greater freedom in our trade relations with them.

It is evident that we have entered upon an era of railroad building and of great increase in our ocean carrying trade. After the building of the Intercolonial and Canadian Pacific Railway it was but natural that a young country like Canada should pause, a little exhausted by its effort; and there were those who therefore thought that we had ended our day of railroad building on a large scale, whereas we have but commenced. Many things have happened lately, which should cause us to take stock of our country afresh, and estimate from a wider point of view its future possibilities and its immediate wants. In Manitoba the branch roads and local systems feeding the main lines are prospering, and new communities of settlers are being created, the people are awakening to the great value of new districts which were not discussed a few years ago, and the feeling that the railroad must be the pioneer—must go in advance of settlement, is greatly strengthened by the success of some recent efforts in railroad building of that kind. Gradually we are making it possible for pioneers in farming to get into that more northerly country in the North-West, which so attracted the early travellers that they called it the "fertile belt" at a time when the prairie country west of the Red River Valley was accounted worthless. Further west along the foothills it is clear that railroads must be built northward, and when built we shall wonder at the possibilities of cattle ranching thus opened to the world. In British Columbia the need of railroads is even more evident to the most careless observer. In the southern part where mining is being developed much has been done and much remains to do. But looking northward everything is yet to do. We have all been discussing freely the needs of the Yukon district, partly because it has become a political question and partly because it has been so suddenly thrust upon our attention. But the Cassiar and the Cariboo dis-

districts require aid also, and there can be little doubt that before long a railroad system will serve all these, touching at some Canadian port on the Pacific, and eventually reaching down to the main line of the Canadian Pacific. On the Pacific a great ocean traffic is being created, and while much of it is merely coast-wise and carried on mainly by United States vessels, we feel sure that of the steady trade that remains when the first rush of the mining excitement is over, we shall have a considerable share. In the traffic with Asia there is a great increase, of which we get a fair share. On the Atlantic our traffic is rapidly increasing, and whether the proposed fast line service is carried out by the present projectors or not, the need of it is more evident than ever before.

During the year the Bank has made a somewhat important venture in opening a branch at Dawson City in the Yukon district. We had been urged to establish an agency in that country before Dawson City existed, but we were naturally deterred from doing so by the absence of sufficient police protection and the fact that there was no mail service and no immediate prospect of railway or telegraph services. Since then the conditions have changed considerably, and the Bank having been appointed agent for the Dominion Government for the collection of the royalty imposed on gold mined in the Yukon territory and bankers for the ordinary business of the Government, we decided to send an expedition into that country to open a branch of the Bank. The main body of the staff of the new branch with an outfit sufficient to commence business, went through the White Pass some weeks ago and is now doubtless doing business at Dawson City. The Bank controls an office and safe there until our own offices and vaults are built. The remainder of the staff, with safes and other permanent supplies, left Seattle on 13th June and will arrive in Dawson City some time in July. They of course go all the way by water, leaving the ocean steamer in the Behring Sea at the mouth of the Yukon River and travelling from that point, St. Michaels, up the Yukon in a

river steamer to Dawson City. The establishment of a bank in such a remote part of the country and the necessary arrangements for the shipment from thence of gold dust, have been attended with innumerable difficulties of detail and great expense, and we naturally hope that the venture may be a source of considerable profit to the Bank. This of course time alone can determine.

I have now pleasure in moving the adoption of the Report, which will be seconded by the Vice-President, but before submitting it for your approval I will ask the General Manager to address you.

The Vice-President.—In seconding the adoption of the Report I would like especially to call the attention of the Shareholders to the remark in the Report that ample provision has been made for all bad and doubtful debts, and to express the opinion of the Board that this statement is most fully justified. I am glad also to express the appreciation felt by the Board of the ability and prudence with which the affairs of the Bank have been administered during the past few years of financial depression, and I think I can say of the very conservative policy which has been followed. I think this is fully shown in the Statement of the Assets presented to you to-day.

There are good prospects of the return of prosperity, and you may rely on the management of the Bank being ready, as they are fully provided with the means, to take every advantage of the increase in business, and to exercise the same care with regard to the investments of the future.

The General Manager then spoke as follows :—

GENERAL MANAGER'S ADDRESS.

In addressing you a year ago the belief was expressed with some confidence that we were nearing the end of a long period of depression. Such hopes had been entertained before only to be deferred, but this time the turn in the tide of business was so decided that even the most pessimistic must have felt its influence. We have only to walk about the

streets of this city to notice the improvement. The vacant houses are fast filling, and probably do not now exceed the natural number in a city of over 200,000 people; good houses of moderate rent are being enquired for, and are evidently becoming scarce, and the building operations of the city which have been so severely restricted for some years have increased for the first half of this year to the largest figures since 1891, being more than twice those of 1897. Clearly we are in the way of surmounting the very bad effects of the collapse in real estate speculation. We are told that houses taken over from defaulting borrowers in Toronto are now being sold in quite satisfactory numbers. Rents are, of course, low and taxes high, and we see no sign of the losses of the past being retrieved by sharp advances in real estate values, but a healthy condition as to occupancy and ownership is the first requirement. The great danger to be avoided seems to be the return of speculative building on borrowed money, of which there is some sign already. The owners of rented residential properties, who are also lenders, and those lenders who have large sums of money depending on the value of residential property, have only themselves to blame if they help others to increase the supply, and thus tend to permanently keep down both values and returns. We are told that the number of farms held under foreclosure or default is lower both in Ontario and Manitoba than for many years past, many loan companies having practically no properties of this class on their hands.

AGRICULTURE.

As we all know, the sub-stratum of our commercial well-being is agriculture, and this has truly been the farmer's year. Indeed, I believe that many of the farmers of Canada are willing to admit that they have had a good year, and such an unusual admission is significant of a great deal. Wheat has not been sown freely in Ontario for many years, but with a steadily advancing market ending with phenomenal prices, it is not surprising that in sweeping up the

floors of the granaries such an extraordinary quantity turned out to be in the farmer's hands. Many have held their wheat two and three, and even four seasons under the charm of "dollar wheat," actually realized in some cases this time. In Manitoba the yield per acre was disappointing, being about fourteen bushels, but the quality was so good that 92½ per cent. of the crop graded equal to No. 1 and 2 Hard, while the price was so high that that province has added another year to its recent history of uniform progress. The railways claim to have moved 19,000,000 bushels, which would mean in money to the farmers of the North-West over \$14,000,000. It is no longer a province to which the East finds it necessary to extend its sympathy as well as its financial indulgence. It has, instead, become the object of our admiration and sometimes of our envy. Immigrants are now rapidly settling in Manitoba, while at the same time farming operations are being extended in Ontario. Indeed the high price for all kinds of farm products has done much to arrest the withdrawal of men from agriculture to mining and other more precarious pursuits. A greatly increased acreage of wheat has naturally resulted, but with empty granaries in America and low-stocked mills throughout the world, it would seem that we may hope with some confidence for a reasonable price for wheat during the ensuing season. Until the world's stock of wheat again reaches the normal quantity we seem entitled to a price larger than the average of recent years. As far as mere prospect of growth is concerned, the season thus far has been most favourable to grain, hay and fruit, and everything promises well for a most bountiful harvest.

The farmers during the past winter were in an unusually good position to fatten cattle, the supply of coarse grains and other food being very large, but, as we intimated a year ago, the demand which sprang up so suddenly, both in the United States and Canada, for young cattle to feed, put up the price to a figure which in some cases left little or no profit to the feeder. For the same reason the number of cattle

being fed or grazed is in some parts not as large as it should be. But as a whole the condition of the cattle business is much improved from the recent years of low prices. The trade in special types of horses for shipment to Europe continues to grow and to be profitable to those who undertake it intelligently. There has been a large and satisfactory business done in Canada in all kinds of hog products with a healthy increase in volume over last year. The farmer has received a price for this product which must pay him quite as well as, if not better than, the other products of his farm. There are strong complaints in some quarters as to the use of corn in feeding, although other packers think the warning uttered a year ago by those interested has had its effect. Still, it can do no harm to say again that the high reputation of our bacon, however much due to superior methods of curing, is mainly based upon the methods of feeding which have prevailed in the past, and this reputation may be ruined in a very short time by the use of corn. We may as well understand that we cannot both force the feeding and the early marketing of the hog on the one hand and continue to obtain the high price on the other.

The season closing 31st March last has been another banner year for cheese. It was felt that the excellent pasturage of 1897 would result in a larger yield, but we were hardly prepared for an output of nearly 200 million pounds. The precise figures are 198,250,000 pounds against 162,844,000 for the previous year. The price too has been very satisfactory, nearly one cent per pound higher on the average than the previous year. The result in money was \$17,900,000 against \$14,316,000, a gain of about 25 per cent. Cheese is being produced in new districts in Canada every year and the promise for pasturage in 1898 could hardly be better. It is, however, questionable if another great increase for the coming season will be an unmixed blessing. The Canadian farmers did well last year, but we are told that the English dealers lost money, and we may not find a market this year quite so

willing to consume all that we may make. We are improving our exports of butter, although we are far from taking the important position in this trade which seems within our power. We apparently send Great Britain more than 60 per cent. of the cheese she imports, but only about \$2,000,000 worth of butter, out of imports amounting to \$85,000,000 or thereabouts, a trifling proportion of less than 2½ per cent.

On the whole it is impossible to resist the conclusion that the farmers throughout Canada have had one of the best years for a long time and have a prospect ahead of them for the next year which has perhaps never been better. They have been paying remarkably well for all debts such as store accounts, implement notes and interest on mortgages. They have in numerous cases either paid mortgages off entirely or made large reductions, in many of the latter cases demanding a reduction in the rate of interest in consequence. Those who were not in debt have largely increased their savings, much of which is reflected in the increased deposits in banks. They have certainly become good buyers again from the implement companies, but whether from the shop keepers is not so clear. With another prosperous season, however, we cannot doubt that the farmers generally will be able to spend money more freely than for some years.

LUMBER.

This has been another year in which while in certain aspects the lumber trade has been quite satisfactory, in others it has continued unsatisfactory. The British buyers, as in several recent years, purchased last autumn the cut of deals for the ensuing summer from the leading manufacturers in Ottawa and adjacent points. In consequence of these ready sales the range in quality of deals now embraces grades low enough to make further movement in that direction of doubtful wisdom for the present. The British market has lately had perhaps a less strong tone than is desirable, but as the cut this year will be considerably smaller than was expected, this may ensure the maintenance of good

prices. The prominent manufacturers, who have enjoyed for some years a good market in deals and thin lumber, are gradually widening the proportion of their entire cut intended for Great Britain, and seem determined to make a market for some of their product in a less raw state than sawn lumber. From every point of view this is desirable, and particularly so as long as we have to look to the United States for a market for such a large percentage of the cut of each mill. But whether our lumbermen look to the United States for the disposal of only a portion or of practically all of their manufacture, their disappointment may be understood when the Dingley Tariff Bill announced that logs were to enter the United States free, but that lumber must pay \$2 per thousand feet board measure. Subject to this duty there would doubtless have been a large business done in Canadian lumber in both the Eastern and the Western States, together with the considerable improvement which we have had in the home market, owing to the general revival in business. But the war has sadly marred the outlook by seriously diminishing the volume of trade in the Eastern States, and doubtless somewhat in the West, although the business there is still much better than in recent years. It is to be hoped that the action of the Ontario Government in enforcing the manufacture into lumber in Canada of logs cut from Crown lands, will cause our friends in the United States to see that there is an effective answer to their selfish policy of free logs and high-tariff lumber. With the better feeling between the two countries and the improved state of the lumber industry of the United States may we not hope for the removal of all restrictions in this particular trade, in which there is no room for real difference, if the true interest of each country taken as a whole, is to govern, instead of the interests of a few individuals?

STATE OF TRADE.

The past year was evidently the last of the series of lean years through which we have been called upon to pass. At the beginning of it there were features sufficiently bright to

enable one to foresee an improvement, but there were also many unsatisfactory elements, especially in the United States. The passage of the Dingley Tariff Bill with certain sections not only most illiberal, but unfriendly to this country, was keenly felt, and although with the rising tide of general prosperity we have for the moment almost lost sight of these points, they still remain a serious menace to our lumber and pulp industries. It has also been a very unsatisfactory year to those who are interested, and most of us are whether we realize it or not, in the financial condition of the United States. The President in a message tried once more to arouse the people to the fact that currency reform was the most grave and pressing question before the nation. The Monetary Conference established at Indianapolis, brought in a set of recommendations which have at least the merit of being the best that have thus far been made. The Secretary of the Treasury has laid plans of currency reform before the public, and the Committee on Banking and Currency have also, through Mr. McCleary, given birth to a plan. Nothing has, however, been actually accomplished. Except in the face of a panic, or in a campaign against a political party whose platform is national ruin, the people do not rise to such a question of national morals, but are more interested in the woes of other countries. It is an old axiom that in time of peace nations should repair their fortifications and replenish their war chests. In other words, repair the breaches made by war in both the system of defence and the financial system. For a third of a century the United States has been at peace, and even the possibility of war with Spain distinctly before them, did not spur them into action. The war is now a miserable reality, certain to cost many hundreds of millions of dollars, and even if the half-dead free silver party is not stirred into dangerous activity, reform will surely not be as easy as it would have been a year or two ago. Russia has achieved the gold basis. The feeble South American republics, one after the other, are getting upon a gold basis. No

great nation is now upon a silver basis. Why has not the United States the moral strength to say that it will no longer pander either to silver miners or to idolaters of the sacred greenback, but that it will declare for gold alone, and abandoning forever the business of banking, make it possible for the banks of that great country to adequately serve the long-suffering manufacturers, merchants and dealers in raw products?

Canadian bankers having large interests in the United States as well as the bankers in that country, naturally feared somewhat the effect of a war with Spain, but thus far values of all kinds have not been adversely affected in any considerable degree. The very great prosperity, owing to high prices for all farm products, the enormous increase in exports and consequent large balances coming to the United States, have obscured and to some extent prevented the natural results on commerce of the war. There is no doubt, however, that in the East many fine opportunities for business which were just opening out, were closed by the war, and the scope of other operations seriously lessened. The timidity of capital in the first few weeks of the war was very marked indeed. The effect of the war in this respect touches Canada more in the matter of lumber than in anything else, but this has been referred to already. In Canada almost all manufacturers are increasing their output and are doing well. Among those who enjoy a good export trade the increase in some cases is so great as to suggest possibility in volume beyond anything which has thus far seemed within the reach of this country. The increase in the quantity and value of our exports, is, however, mainly caused, of course, by our raw products, with the added factor of good prices. It is a comfortable state of affairs for this young country to have exports in excess of imports, and at present the excess runs into very handsome figures. Our exports for the ten months of the year which ends 30th June, amount in value to \$119,000,000 against \$114,000,000 for the same period last year, and \$87,000,000

for 1896. The excess over imports for the ten months is \$17,760,000, as against \$6,647,000 for the same period last year, and a small excess of imports in 1896. In only one previous year since Confederation has there been an excess of exports over imports.

We are frequently told that if Great Britain were at odds with the rest of the world she would be at their mercy in the matter of food supply. We need not waste time over such remote possibilities, but when we consider how England is fed, what our share is in the feeding, and what our share might be, there is indeed much reason for thinking by practical people. From a reliable journal we learn that the total imports of food into Great Britain in 1895 were £115,539,862 and of this Canada supplied £8,020,262 or about 7 per cent. Indeed of cereals we supplied only 3 per cent., our large proportion of cheese (60 per cent.) helping to increase the general average. During the recent years of agricultural depression, when men were not turning to farming, we could not do much to increase this percentage. Many countries were supplying the best of food to Great Britain at very low prices and all were finding it not very profitable. But we have evidently passed one of the great adjusting periods. The labouring men of the world are per man steadily increasing the quantity of meat and of wheat flour they consume. In Belgium the eating of meat by working men has increased three fold in thirty years and the annual consumption of bread has increased about 117 pounds per head in that time. One writer estimates—I have no idea on what basis of facts—that there was last year a deficiency of land devoted to the cultivation of wheat and rye, as compared with the wants of man, of fifty million acres. Who has this wheat land and, for that matter, who has land in abundance suitable for rye and not for wheat? Canada certainly has both. We need not grow rye, however, while we can supply wheat as good as any in the world at as low a price as any other country. To enable us to continue to do this we want two things above all

else. We want land in the best localities so cheap that every agriculturist in the world who thinks of emigrating will consider our North-West. And we want transportation facilities not excelled in any similarly situated country. We are building the railroads, we are increasing our settlers, but do we offer inducements enough in cheap lands?

There has been during the past year a renewal of discussion regarding an Insolvency Act, and in this connection we are sorry to notice the statement repeated in varying forms, that the banks are opposed to the passage of insolvency legislation. It is also sometimes stated that should any legislation be passed the banks desire special advantages, and this has been reduced to the more specific statements that banks desire the privilege of "double ranking" in some cases, and are unwilling in some cases to "value their securities." Both of these statements are quite misleading. I do not believe that the banks as a whole are averse to an insolvency law, if we can obtain one which is even reasonably near to what it should be. Many bankers as well as other business men do not want an insolvency law if it will tend to make settlements by fraudulent debtors easy to obtain, and thus help to debauch the business morals of the community, as has been the case with some insolvency laws. But the best proof of the attitude of the bankers was given, when during the life of the late Government an insolvency measure was introduced in the Senate. An agreement was arrived at between those representing the Boards of Trade and those representing the banks regarding the entire bill, with the exception of one section, which section had been introduced by the Government, based on the existing legislation in England, and conforming with the ordinary contract rights of parties. This the representatives of the Boards of Trade succeeded in changing in the Committee of the Senate to which the bill was referred, in such a manner as to materially alter the security on which rests the larger part of the bills discounted by a bank. The measure in this shape was not introduced in the House of

Commons, and the reasonable insolvency law which the country might at that time have had was not passed, but its non-passage was not caused by the banks.

The motion for the adoption of the Report was then put and carried.

Mr. A. T. Wood, M.P.—I have been delighted to be present and to hear the very able address of the President, and of the General Manager. I am quite sure that all present will feel that gentlemen who have such a grasp of the business of this country, and can present it in such a clear manner, are the right men in the right place in the management of this large institution. With that in view, sir, I wish to move a resolution which I am quite sure will meet with the approval of all present. The resolution is :—

That the thanks of the meeting are due and are hereby tendered to the President, Vice-President and other Directors for their careful attention to the interests of the Bank during the past year.

The Statement in our hands is an evidence that the Directors have given earnest and careful attention to the interests of the Bank during the year that has passed. I know a little of the anxieties of a bank director, and know that with the large amount of capital to be managed there must be entailed a great deal of anxiety and care on the part of the Directors of this Bank, and the Statement that we have to-day shows that they have discharged their duties with great benefit to the Shareholders.

Rev. Dr. Dewart.—I have much pleasure in seconding the resolution. I believe it is well deserved, as an expression of the confidence of the Shareholders in the fidelity and intelligence with which the Directors have conducted the affairs of the Bank.

The motion was then put and carried unanimously.

The President.—On my own behalf, as well as on behalf of my co-Directors, I desire to acknowledge with gratitude the resolution that you have kindly passed.

Mr. C. D. Massey.—I have listened with great pleasure to the able address of the General Manager, and I think I voice the sentiment of all present in moving the adoption of the following resolution :—

That the thanks of the meeting be tendered to the General Manager, Assistant General Manager and other officers of the Bank, for the satisfactory discharge of their respective duties during the past year.

Mr. W. S. Lee.—I have pleasure in seconding the resolution, and endorsing what Mr. Massey has said in relation to it.

The President.—I have always pleasure in submitting this resolution. I know it is the desire of all the officers of this Bank to do everything possible for the promotion of the interests of the Shareholders.

The resolution was carried unanimously.

The General Manager.—I have to thank you very much for this resolution. Of course it is submitted every year, but at the same time it is well that we should remember that it goes out to a very large staff, nearly 400 now, who get perhaps not as much appreciation, individually at all events, as the way in which they discharge their particular duties might warrant. As far as the General Management is concerned we have had a good year in some respects, and not a very satisfactory one perhaps in others. It is a source of anxiety and labour to take care of the deposits which have come to us so largely in late years. But we must find some employment for them, and in years when business is restricted it is not possible to find this employment altogether in mercantile business—not at any rate without doing harm. If the money is to be well lent it must be lent naturally, and not forced out.

Mr. Plummer also thanked the meeting for the vote.

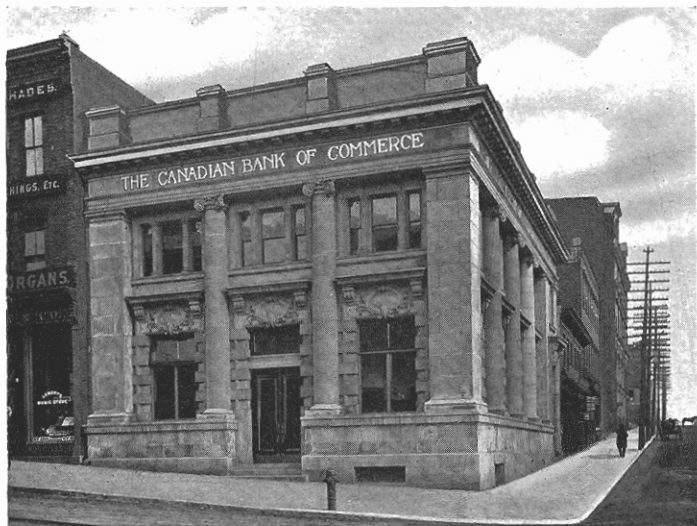
Moved by Mr. Flavelle, seconded by Mr. Kilgour, and carried, that the meeting do now proceed to elect Directors for the coming year, and that for this purpose the ballot-box be opened and remain open until three o'clock this day,

the poll to be closed, however, whenever five minutes shall have elapsed without a vote being tendered ; the result of the election to be reported by the scrutineers to the General Manager.

The meeting then adjourned.

The scrutineers subsequently reported the following gentlemen to be elected Directors for the ensuing year :— Hon. George A. Cox, Messrs. James Crathern, William B. Hamilton, John Hoskin, Q.C., LL.D., Robert Kilgour, Matthew Leggat and Joseph W. Flavelle.

At a meeting of the newly elected Board of Directors held subsequently, Hon. George A. Cox was re-elected President, and Robert Kilgour, Esq., Vice-President.



ST. JOHN, N. B.

