

THE CANADIAN BANK OF COMMERCE

WITH WHICH IS AMALGAMATED
THE BANK OF BRITISH COLUMBIA

HEAD OFFICE - TORONTO, ONTARIO

CAPITAL PAID-UP	- - - - -	\$8,000,000
REST	- - - - -	\$2,500,000

DIRECTORS:

HON. GEO. A. COX,	- - -	PRESIDENT.
ROBERT KILGOUR, ESQ.,	- - -	VICE-PRESIDENT.
JAMES CRATHERN, ESQ.		MATTHEW LEGGAT, ESQ.
WM. B. HAMILTON, ESQ.		JOHN HOSKIN, ESQ., K.C., LL.D.
JOSEPH W. FLAVELLE, ESQ.		A. KINGMAN, ESQ.
HON. L. MELVIN JONES.		FREDERIC NICHOLLS, ESQ.

LONDON BOARD:

WILLIAM C. WARD, ESQ.,	-	Chairman.
HENRY J. GARDINER, ESQ.		GUY OSWALD SMITH, ESQ.

B. E. WALKER, General Manager.
ALEX. LAIRD, Asst. General Manager.
A. H. IRELAND, Chief Inspector and Superintendent of Branches.
H. H. MORRIS, Inspector.
V. C. BROWN, Asst. Inspector.

BRANCHES AND AGENCIES.

BRITISH COLUMBIA AND YUKON—

ATLIN.....	D. ROSS.....	Manager.
CRANBROOK.....	F. C. MALPAS.....	“
DAWSON.....	D. A. CAMERON.....	“
FERNIE.....	E. H. BIRD.....	“
GREENWOOD.....	H. F. MYTTON.....	“
KAMLOOPS.....	C. W. HALLAMORE.....	“
LADYSMITH.....	G. WILLIAMS.....	“
NANAIMO.....	G. WILLIAMS.....	“
NELSON.....	BRUCE HEATHCOTE.....	“
NEW WESTMINSTER.....	H. R. DAVIDSON.....	“
SANDON.....	A. SCOTT.....	Act. Mgr.
VANCOUVER.....	WILLIAM MURRAY.....	Manager.
VICTORIA.....	GEORGE GILLESPIE.....	“
WHITE HORSE.....	C. G. K. NOURSE.....	“

MANITOBA AND NORTH-WEST TERRITORIES—

CALGARY.....	C. W. ROWLEY.....	Manager.
CARMAN.....	E. C. COMPLIN.....	“
DAUPHIN.....	J. S. MUNRO.....	“
EDMONTON.....	T. M. TURNBULL.....	“
ELGIN.....	G. H. HORNE.....	“
GILBERT PLAINS.....	H. E. P. JEMMETT.....	“
GRANDVIEW.....	H. E. P. JEMMETT.....	“
MEDICINE HAT.....	F. L. CRAWFORD.....	“
MOOSOMIN.....	E. M. SAUNDERS.....	“
NEEPAWA.....	G. M. GIBBS.....	“
SWAN RIVER.....	F. J. MACOUN.....	“
TREHERNE.....	H. HAINES.....	“
WINNIPEG.....	JOHN AIRD.....	“

ONTARIO AND QUEBEC—

AYR.....	A. G. VERCHÈRE.....	Manager.
BARRIE.....	H. J. GASETT.....	“
BELLEVILLE.....	C. M. STORK.....	“
BERLIN.....	E. P. GOWER.....	“
BLENHEIM.....	W. H. LUGSDIN.....	“
BRANTFORD.....	JEFFERY HALE.....	“
CAYUGA.....	W. C. T. MORSON.....	“

BRANCHES AND AGENCIES—Continued.

CHATHAM	J. E. THOMAS.....	Manager.
COLLINGWOOD.....	JAMES BRYDON.....	“
DRESDEN	R. T. MUSSEN.....	“
DUNDAS.....	J. L. BARNUM.....	“
DUNNVILLE	C. J. NOBLE	“
FORT FRANCES	J. A. SMITH	“
GALT	D. MCGREGOR	“
GODERICH	R. S. WILLIAMS.....	“
GUELPH.....	J. M. DUFF	“
HAMILTON	D. B. DEWAR	“
LONDON.....	G. de C. O'GRADY	“
MONTREAL	{ F. H. MATHEWSON.....	“
	{ W. C. J. KING	Asst. Mgr.
ORANGEVILLE	G. A. HOLLAND.....	Manager.
OTTAWA	ROBERT GILL	“
PARIS	R. C. MACPHERSON.....	“
PARKHILL.....	T. L. ROGERS.....	“
PETERBORO	D. H. CHARLES.....	“
PORT PERRY	W. H. DUNSFORD.....	“
ST. CATHARINES.....	R. G. W. CONOLLY	“
SARNIA	A. D. MCLEAN.....	“
SAULT STE. MARIE	A. W. ROBARTS.....	“
SEAFORTH.....	G. E. PARKES.....	“
SIMCOE	E. COWDRY	“
STRATFORD	W. MAYNARD	“
STRATHROY	L. H. DAMPIER	“
TORONTO (Chief Office) ..	{ JOHN C. KEMP.....	“
	{ M. MORRIS.....	Asst. Mgr.
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.....	“
QUEEN W., COR. BATHURST.	E. M. PLAYTER	“
450 YONGE, COR. COLLEGE.	F. O. CROSS	“
796-798 YONGE, COR. BLOOR.	R. J. MONTGOMERY....	“
TORONTO JUNCTION	R. C. JENNINGS.....	“
WALKERTON	G. M. WEDD.....	“
WALKERVILLE.....	A. W. RIDOUT.....	“
WATERLOO.....	F. C. G. MINTY.....	“
WIARTON.....	J. J. ACRES	“
WINDSOR.....	D. MACGILLIVRAY.....	“
WOODSTOCK.....	G. W. MCKEE.....	“



TORONTO, ONT.
Parliament Street Branch

BANKERS AND CHIEF CORRESPONDENTS.

GREAT BRITAIN—

The Bank of England; The Bank of Scotland; Lloyds Bank, Limited;
The Union of London and Smiths Bank, Limited.

UNITED STATES—

NEW YORK—The American Exchange National Bank; BOSTON—
The Bank of Nova Scotia, The National Shawmut Bank; BUFFALO
—The Marine National Bank; CHICAGO—The Northern Trust
Company; DETROIT—The People's Savings Bank; MINNEA-
POLIS—The North-Western National Bank; NEW ORLEANS—
The Commercial National Bank.

FRANCE—

Crédit Lyonnais, Paris; Messrs. Lazard Frères & Cie, Paris.

GERMANY—

Deutsche Bank.

HOLLAND—

Disconto Maatschappij, Rotterdam.

BELGIUM—

Messrs. J. Matthieu & Fils, Brussels.

INDIA, CHINA AND JAPAN—

The Chartered Bank of India, Australia and China; Hong Kong and
Shanghai Banking Corporation.

SOUTH AFRICA—

Standard Bank of South Africa, Limited; Bank of Africa, Limited.

AUSTRALIA AND NEW ZEALAND—

Union Bank of Australia, Limited; Bank of Australasia.

HAWAIIAN ISLANDS—

First National Bank of Hawaii; Bishop & Co., Honolulu.

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, Hamilton.

GENERAL STATEMENT

30TH NOVEMBER, 1902.

LIABILITIES

Notes of the Bank in circulation.....	\$ 7,368,042 00
Deposits not bearing interest.....	\$15,978,891 00
Deposits bearing interest, including interest accrued to date.....	37,944,396 38
	53,923,287 38
Balances due to other Banks in Canada.....	139,459 76
Balances due to other Banks in foreign countries	460,788 18
Dividends unpaid	1,234 17
Dividend No. 71, payable 1st December	280,000 00
Capital paid up.....	\$3,000,000 00
Rest.....	2,500,000 00
Balance of Profit and Loss Account carried forward.....	152,821 07
	10,652,821 07
	\$72,825,632 56

ASSETS

Coin and Bullion.....	\$1,579,602 89
Dominion Notes.....	1,570,318 25
	\$ 3,149,921 14
Deposit with Dominion Government for security of Note circulation.....	350,000 00
Notes of and Cheques on other Banks	2,823,789 04
Balances due by other Banks in Canada.....	15,390 35
Balances due by Agents in Great Britain	1,416,760 95
Balances due by Agents of the Bank and other Banks in foreign countries.....	1,620,789 66
Government Bonds, Municipal and other Securities	7,483,326 16
Call and Short Loans on Stocks and Bonds	7,247,389 11
	\$24,107,366 41
Other Current Loans and Discounts.....	46,990,539 19
Overdue Debts (loss fully provided for)	330,264 90
Real Estate (other than Bank Premises)	175,981 81
Mortgages	181,440 03
Bank Premises	1,000,000 00
Other Assets	40,040 22
	\$72,825,632 56
	\$72,825,632 56

B. E. WALKER,
General Manager.

THE CANADIAN BANK OF COMMERCE

REPORT OF THE PROCEEDINGS

OF

THE ANNUAL MEETING OF SHAREHOLDERS

TUESDAY, 13TH JANUARY, 1903.

The thirty-sixth Annual Meeting of the Shareholders of The Canadian Bank of Commerce was held in the banking-house on Tuesday, 13th January, 1903, at 12 o'clock.

Among those present were:—J. H. Taylor, Wm. Garside, A. V. Delaporte, Miss H. M. Robinson, Wm. Spry, Hon. Geo. A. Cox, Jas. Hedley, F. Nicholls, N. Silverthorn, John Hoskin, K.C., LL.D., Thomas Gilmour, Wm. Prendergast, J. L. Watt, Hon. Lyman M. Jones, Henry Beatty, S. R. Wickett, Wm. Davidson, Colonel Mason, A. Laird, A. Kingman, Montreal; E. O'Keefe, Wm. McCabe, John Taylor, J. W. Langmuir, Robert Kilgour, Wm. Mackenzie, Geo. F. Little, W. T. White, John Carrick, L. J. Cosgrave, C. S. Gzowski, Wm. Cook, Carville; James Crathern, Montreal; Frederick Wyld, G. R. Warwick, J. Lorne Campbell, J. W. Flavelle, A. E. Ames, Rev. Dr. Warden, J. N. Shenstone, Robert Thompson, Charles E. Goad, R. H. Temple, John L. Blaikie, David Smith, C. D. Massey, R. C. Carlyle, Melfort Boulton, John Pugsley, J. S. Lovell, Thomas Walmsley, F. A. Ritchie, Edward Gurney, Rev. Dr. Griffin, F. H. Mathewson, Montreal; Geo. B. Burns.

The President, Hon. George A. Cox, having taken the chair, Mr. F. G. Jemmett was appointed to act as Secretary, and Messrs. R. H. Temple, J. Lorne Campbell and Melfort Boulton were appointed 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-sixth Annual Report, covering the year ending 30th November, 1902, together with the usual Statement of Assets and Liabilities:—

The balance at credit of Profit and Loss Account, brought forward from last year was.....	\$ 251,047 84
The net profits of the year ending 30th November, after providing for all bad and doubtful debts, amounted to.....	1,028,509 76
	<u>\$1,279,557 60</u>

Which has been appropriated as follows:—

Dividends Nos. 70 and 71 at seven per cent. per annum.....	\$ 560,000 00
Transferred to Pension Fund.....	15,000 00
Expenditure on Bank Premises charged to Profit and Loss Account.....	51,736 53
Transferred to Rest Account.....	500,000 00
Balance carried forward.....	152,821 07
	<u>\$1,279,557 60</u>

The entire assets of the Bank have been, as usual, carefully re-valued, and all bad and doubtful debts amply provided for.

The profits of the Bank have continued to be quite satisfactory, and after providing for an expenditure of \$51,736.53 upon bank premises, we have been able to add to the Rest the sum of \$500,000.

During the year the Bank has opened new branches as follows:—In Ontario, at Warton; in Manitoba, at Carman, Dauphin, Elgin, Gilbert Plains, Grandview, Neepawa, Swan River, and Treherne; in British Columbia, at Ladysmith; and in the North-West Territories, at Calgary, Edmonton, Medicine Hat, and Moosomin. A branch is at the moment being opened at Sydney, Nova Scotia. The branch at Rossland, B.C., taken over from the Bank of British Columbia, has been closed.

The various branches, agencies and departments of the Bank have been inspected during the year.

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

GEO. A. COX,
President.

Toronto, 13th January, 1903.

In moving the adoption of the Report, the President said:—

PRESIDENT'S ADDRESS.

Our Shareholders will readily see from the statements included in the Report of the Directors that we have had another year of good fortune. The profits for the year amounted to \$1,028,509.76, and this exceeds even the excellent results of the last year or two, being 12.86 per cent. upon our capital. If we add to this the sum of \$251,047.84, carried over from last year, we have a total of \$1,279,557.60. After the payment of the usual dividend, we have been able to add to the Rest Account \$500,000, making that account \$2,500,000; we have expended on bank premises \$51,736.53, leaving that account at \$1,000,000; we have transferred \$15,000 to the Pension Fund, and we carry over as undistributed profits the sum of \$152,821.07.

The growth in our deposits during the past year is \$2,243,000, which is less relatively than in recent years, but is due to several natural causes. Our bank-note circulati

has maintained a slightly higher level than last year, but throughout both periods it has been as high as we could wish, having regard to our powers under the Bank Act.

Our Shareholders may naturally be surprised at the number of new branches we have opened during the year. Those of our Shareholders who reside in Canada will realize that it has been a year of as great growth in this respect as in other branches of business. Apparently about one hundred and ten new branches have been opened in Canada during the past year by our banks. Still it may appear that we have undertaken an undue number for one year, and we desire to explain that this was mainly caused by the fact that owing to the absorption of the business of the Bank of British Columbia our time and energies were so fully occupied that during a considerable period of great activity we did not open any new offices, and we thus found the claims of too many new districts pressing upon us at one time.

As long as this growth continues the expenditure of quite considerable sums annually upon bank premises will be unavoidable. We have concluded to finish the rear of the main building, and we shall doubtless have to build at several points buildings of a moderate character. At the moment we are arranging the plans for a building at Sydney, N.S.

During the year and consequent upon the unusual activity of business, the banks in Canada have experienced a steady demand for advances and their power to supply sufficient bank-note circulation has been tested pretty severely. The business of banking has been profitable and unusually free from bad debts. We cannot, of course, expect this to continue indefinitely, and we must be prepared for a less handsome showing when the present wave of expansion has passed by. If we were to judge merely by the products of the soil and the demand for manufactured goods we cannot, throughout North America, see many signs of weakness, but there are other significant signs which prudent people should

consider. There has been an important change going on in the financial relations between the United States and Europe. The United States has enjoyed an excess of exports over imports for many years, and the total for the nine years, from 1894 to 1902 inclusive, reaches the enormous sum of \$3,534,700,000. In 1898 through a decrease in imports following dull years, coincident with a great increase in exports, the imports of \$616,000,000 were nearly doubled by the exports of \$1,210,000,000. This was an unnatural state of affairs. For the Government year, ending 30th June, 1902, the imports, because of the great expansion, had risen to \$903,000,000, and the exports, although less than in 1901, were \$1,381,000,000, so that the surplus, although lower than for five years, was still \$478,000,000. We have, however, obtained the figures for the actual year 1902, estimating December. For this period the imports were \$950,000,000, about 50 per cent. more than for 1898, and the exports were \$1,340,000,000, bringing the surplus down to say \$390,000,000. This falling off in exports is mainly due to the failure of the corn crop in 1901 and the effect of this in the export of corn, oats, cattle, etc. Although a surplus of exports over imports of \$390,000,000 is a very happy state of affairs, everything depends on what we have accustomed ourselves to, and have calculated upon, and it is the effect of this change upon the foreign indebtedness of the United States that we have to consider. The foreign indebtedness has been greatly increased of late years by the huge financial transactions of which we hear so much. It is impossible to estimate, except very roughly, the scope of this indebtedness. It is claimed, however, by one leading authority, that as compared with the highest point of such indebtedness last year, about one-third of the balances against the United States have been paid off, say to the extent of about \$250,000,000, and that the amount which presses enough upon the situation to influence the foreign exchange market, is perhaps another \$250,000,000. The immediate future will be influenced by

the exports, which should be much larger for 1903, owing to the fine crops; by the imports, which may be checked, but will probably rather grow to larger figures than ever; and by the volume of flotations and finance operations which we hope will certainly be checked.

It seems very necessary to consider how far we in Canada are following in the same direction. Apparently thus far we are able to view with some satisfaction our position, but the tendency is clearly towards a condition demanding caution. During the past five years our imports have grown from \$111,000,000 to \$212,000,000. This sounds serious enough. But in the same period our exports have grown from \$133,000,000 to \$211,000,000. We can see that the handsome surplus in our favour in 1897 has disappeared, but we have not swung widely in the other direction. It is not easy to estimate the relative position of our indebtedness abroad, that is, as to whether we owe more or less in proportion to our growth, in 1902 than in 1897. But clearly owing to the South African war and other causes, it has been a time when we have looked less than ever to Great Britain for capital, and more than ever to our own people. And as far as one can see from a superficial view we are better off in the matter of relative foreign indebtedness than in 1897. The growth in bank deposits in Canada would seem to bear out this view. From 1892 to 1897, a period largely of depression, the bank deposits grew from \$168,000,000 to \$308,000,000, while in 1902 at the usual midsummer date of Government returns, they were only \$390,000,000. During the past five years the people of Canada have grown in wealth at an unprecedented rate, and they have invested their savings in private and public securities to a degree much greater than in the past. When after the opening of navigation we begin to feel the effects of the marketing of the great crops of the North-West, a large additional supply of money will be unlocked. But against all this we are spending money in public and private ventures in a larger way than ever before,

and unless great prudence is exercised our imports will run ahead of our exports, and our capacity to supply capital for our new undertakings will surely be exhausted.

I cannot close my remarks without a word or two of a personal nature. It is probably known to most of you that we are losing the services of Mr. J. H. Plummer, the Assistant General Manager. Mr. Plummer entered the Bank in 1867, and has been in the service twenty-seven years, namely, from 1867 to 1878, and from 1886 to the present time. Throughout the greater part of his service he has held important executive positions, and has been prominent in the banking world of Canada. He retires with the highest regard and esteem of all his fellow officers and of the Board of Directors, and we wish him many years of health and happiness. Mr. Plummer will be succeeded by Mr. Alex. Laird, for many years one of the Bank's agents in New York, a gentleman who by the manner in which he has discharged his duties there has made himself widely and favourably known in the financial circles of New York, London and Paris. We are, I think, to be distinctly congratulated in being able to replace in such a satisfactory manner the services we are losing.

Mr. Robert Kilgour.—In seconding the adoption of the Report I do so feeling confident that the Statement now submitted will receive the hearty approval of the Shareholders. The good harvests, increase of population, great development of the natural resources of the country and increase of foreign and domestic trade have given Canada another year of unparalleled prosperity, in which the Bank has fully shared, as is evidenced by the Statement now submitted.

The prosperity has been accompanied with all the dangers commonly attendant on such epochs, but by a strong and prudent management on the part of the Executive the Bank has been enabled to take full advantage of the opportunities for healthy and profitable expansion. Much of this great development has been made possible by the

liberal aid given by the large financial institutions of the country. The Executive of this Bank desire to assist in wise and careful development of the country, while at the same time avoiding dangerous and speculative risks.

The acquisition of the Bank of British Columbia has been of the highest value to the Bank in increasing its strength and activities, and enlarging its sphere of operations.

Another important feature is found in the severity of the valuation of assets applied by the Bank management. Everything in the balance sheet is put down at safe figures. Fictitious and other sanguine valuations are, as far as possible, absolutely excluded. From what little experience I have had in connection with commercial and financial statements I have no hesitation in saying that few assets are so severely dealt with as those shown in the Statement presented to you by the management of this institution. The handsome returns to the Profit and Loss Account each year by recoveries from provision made for doubtful assets which have been realized on during the year prove that such is the case. The steady increase of the business and the conservative course of your Directors in continuing to strengthen the resources of the Bank, I feel sure, will meet with your approval.

In regard to the retirement of our Assistant General Manager, I most heartily endorse all that our President has said. Our relations have always been pleasant, and we part with his services with much regret, feeling that the Bank is losing a faithful and able officer; at the same time, we quite appreciate Mr. Plummer's desire to be relieved from the daily executive work, such as is necessary for one holding the important position which he has held for so many years. One of the pleasant memories he will carry with him in retiring from active service will be the splendid record in connection with the banking of the country which he has made for himself, through his ability, close application and perseverance. In concluding, I feel assured that I express the mind of the Board of Directors in wishing that Mr. Plummer

may long be spared to enjoy a quieter and less laborious life than he has had in the past. At the same time let me express the hope that the community in connection with its commercial and financial institutions may continue to have the benefit of his ability and experience.

The General Manager spoke as follows:—

GENERAL MANAGER'S ADDRESS.

In trying to estimate the commercial position of our country at the moment, the strongest and most universal feeling doubtless is that we are in the full tide of prosperity. It is safe to say that even the very sanguine are more anxious to be assured of a continuance of present conditions than of any further improvement. Indeed, the fear is growing that by undue speculation, or by pushing even legitimate expansion too far, we are likely to break the charm and bring on the discomforts of a period of debt paying and liquidation. A year ago it seemed as if the speculative element was more than temporarily checked, but the spring and summer brought stronger forces than ever into play, and stock exchange speculation reached its highest development in Canada. The punishment administered in October and the following months has been so sharp that we can but hope that such dearly bought lessons will do some good in our community in the future. It is not easy, perhaps not possible, to draw a definite line between legitimate enterprise and gambling in securities. But this much is clear, that the buying of stocks on a margin by people who have no source from which to make good a loss except the margin, is one of the most foolish forms of gambling, and the public cannot be too often warned against it.

As to the volume of speculation incident to the promotion of companies, only the pressure of an unfavourable money market is likely to check it so long as we have good crops and an expanding volume of business. What is really necessary is that the public should exercise greater discretion, and should try at least to avoid the many enterprises which are

clearly not founded on conservative expectations of profit. But whether new industrial ventures are essentially sound or not, the supply of money available to carry the shares in such ventures will sooner or later be used up unless the volume of flotation is lessened.

As far as we can see, the basis of our largely increased trade is sound. Taking Canada as a whole, the area, yield and money value of our agricultural and pastoral products have increased. The exceptions to such general good fortune which are almost certain to occur in any year, are less present than we have ever before known to be the case in Canada. No country in this happy condition can fail to go rapidly forward, nor can the general financial position be made weak except by the one cause which is almost certain to operate adversely in the long run, that is, undue speculation. The increase in the volume of our manufactures, and in the distribution of these and of imported goods, naturally accompanies the increase in the products of agriculture, pastures, mines, forests, etc., but it has been so great as to seem to require a note of warning. The features which give rise to doubt are the tremendously increased scope of our creative power, the very general advance in prices, and therefore in the cost of living, and the effect of these when, because of bad crops or a general liquidation of debt, we have to face a greatly lessened demand for our manufactures. But when a country grows as rapidly as Canada is growing, little more can fairly be expected than to try and meet the new industrial demands year by year, and in planning for the future to remember that the lean years, no matter how long deferred, are certain to come. Thus far, however, this cautious policy has resulted in our being unable to meet some of the new demands, and in the matter of railroad equipment we have been quite unable to cope with the situation.

When the next period arrives during which the returns from agriculture and pastures fall to a low level we may find that we cannot profitably support for the time being some of

the great industries we have established. This risk in some degree, we must clearly take, and in every venture its importance should be estimated.

EASTERN CANADA.

While in the success attending the entire round of human industry in Eastern Canada there is only an occasional exception, the results in manufactures and in coal mining are more pronounced than in agriculture. Not only is it true that in almost all lines factories are working overtime with plenty of orders ahead, and that enlargement of plants is going on at a pace which judged by our past experience is unexampled, but the new species of manufacture being established exceed all previous records. The extremely complicated features of our various manufacturing interests cannot, of course, be entered upon here, but it may be well to draw attention to a few main points.

We have in Canada a fairly wealthy people, whose purchasing power and standard of comfort have greatly increased in recent years. This market, to a greater degree each year, we are supplying ourselves. And each year, in some varieties of manufacture, our rivals in the United States find it desirable to build a plant in Canada, to acquire, to maintain, or to extend, their market in this country. In the case of goods thus manufactured for our own use, we may possess the necessary raw materials, or we may not; or we may possess them in a superior or an inferior degree to our neighbours. Our labour conditions may also be superior or inferior. But there is another very important and quite different aspect of our manufactures to be borne in mind. We have manufacturing interests in which the product is largely sold for export as well as at home. These already form a considerable element in the volume of our exports, with the proceeds of which, of course, the cost of our imports is met. Such manufacturing interests are, therefore, clearly of enormous importance to Canada, but they will continue to succeed only in proportion as our raw material, our labour conditions, our geographical posi-

tion and our skill in such manufacture, equal, or are superior to those of our competitors. Our competitors are generally in the United States, and some of them begin to see that in some things our situation is better than theirs. They are building plants, therefore, in Canada, not only to supply us with goods, but to fill their foreign orders in part or as a whole. All of these additions to our industrial activity are, of course, most welcome, but we can only expect that they will remain in a successful position by the exercise of the greatest vigilance, not only by the manufacturers themselves, but by our Governments. In trying to maintain and extend this important feature of our national growth, we have a neighbour whose policy is mainly to sell and not to buy, so that although we are large buyers from him there is not between us the fair exchange of products which would exist under less artificial conditions. But some, at least, of the people in the United States are becoming convinced that their policy towards us has been narrow and unwise even from their own point of view, and we begin to hear views as to the desirability of reciprocity. Without discussing what would be an ideal state of trade relations between Canada and the United States, our present policy should be most carefully based on the actual conditions we have to meet. Some of us are free traders, some of us believe in tariff for revenue only, some are protectionists ; few of us like export duties or trade restrictions of any kind as a matter of principle ; but we must hold our own against a great nation with fifteen times as many people, with highly developed manufactures, with the need of a surplus market near at hand, with the growing seasons beginning earlier than ours ; but with a diminishing supply of cheap raw materials, with more costly labour, and with industries more highly capitalized relatively than ours. Clearly then, we should strive by all proper means to keep for our own use in the meantime certain raw materials, the possession of which gives us a distinct advantage. This, fortunately, can be done in many articles by Provincial Governments

merely making regulations as to terms under which raw materials belonging to the people as a whole, and not individually, may be used. If our neighbours exhibit a more liberal disposition, or if for their own purposes they from time to time put on the free list articles of raw material possessed largely by us, it will then be time enough to reconsider our policy.

The growth in the mining of coal and in the manufacture of iron and steel and the finished products therefrom, in the Maritime Provinces, is well known, but as we have not in the past had branches in these provinces, we are not as well informed as we are regarding other parts of Canada. We hope to remedy this to some extent by the office we are opening at Sydney, N.S.

The trade in lumber manufactured throughout Eastern Canada has continued with unlesened activity. Varieties of wood, regarded as worthless a few years ago, are now largely in use as standard supplies. Standing timber of all kinds is steadily increasing in value, and men of the largest experience do not hesitate to increase their holdings at the present high prices. The prices realized by the manufacturer for lumber are at the highest. But these favourable elements in the trade are apparently fully counterbalanced by the increased cost of production. In such times as these, the prices of most commodities, and especially of labour, are bound to be high, but this seems to be peculiarly the case in the lumber trade. It is thought that the cost of production in the Ottawa district, this winter, will be fifteen per cent. greater than last season. Indeed, it is stated that the cost of production has increased sixty per cent. during the last five years. A largely increased cost of standing timber and of production, if accompanied by an equally largely increased market price, is quite satisfactory, but it is a bad standpoint from which to experience a fall in the market price. What is evident beyond doubt, however, is the enormous value of all kinds of standing timber as a national asset. We have talked about re-forest-

ation for years. Is it really not time for us to do something? Probably nothing that could now be done would in our time repair the loss from fire and various forms of waste in the past, and from the failure to replant. This is, however, an argument for immediate action, rather than for further delay. If we could induce our legislators to really grapple with the situation in an adequate manner; to ascertain fully the very many forms of waste, and to what extent some of these could be avoided; to map out the areas requiring re-forestation, which in some parts even of Eastern Canada include large districts where the lumberman has never operated; and having done so, to act with the greatest possible vigour, we might hope to witness the end of this shameful national loss, and in time we would undoubtedly be amply rewarded for doing what is, in any event, our plain duty.

While in recent prosperous years in farming and kindred pursuits there have always been some exceptions to the general good report, as is natural in a large area, this year in Ontario there seems to be hardly a discordant note. The weather was too wet for some crops and for some districts, but it greatly benefited others, and in cereals, roots, grasses, fruits, dairy products and animals of all kinds, the farmers, graziers, and others concerned, were rewarded for their labours more fully than even in recent years of marked prosperity. Their paying and buying power must be at its highest, and naturally this is reflected in the lessening of mortgages and other forms of agricultural debt; in the purchase of new implements in an unusual degree, and of other goods; in the improvement of their farms and the standard of comfort in life. The effect on the whole community is shown in the large sales by retail shops; the increase in bank deposits, especially in the class representing small savings, despite some withdrawals for stock speculations; in the activity in building; the increase in real estate values; the scarcity and high price of lumber and other articles in building; and the difficulty of obtaining labour in sufficient quantity.



TORONTO, ONT.
Queen and Bathurst Branch

MANITOBA AND THE NORTH-WEST TERRITORIES.

Now that the progress of the great wheat and cattle areas of Manitoba and the Territories is being so favourably discussed in other countries, it is perhaps less necessary for us to insist upon it than in the past. They have had the good fortune of two record crops in succession, so that the total of all grains, which in 1901 was about 108,500,000 bushels, is in 1902 estimated at 117,300,000 bushels. The quality is also somewhat better, so that if present prices as a whole are maintained, the money result will be considerably larger than even the splendid return of 1901. There are several unsatisfactory features connected with farming in this part of Canada which we must hope will be lessened year by year, as the country has been longer settled. Had it not been for a most favourable autumn, the great scarcity of farm labour would have entailed an enormous loss, notwithstanding the much greater extent to which the crop was protected by stacking than in the previous year. As the average size of the farms lessens, and the sons of the present settlers grow up, this lack of sufficient farm labourers will be somewhat cured in the older parts, but in the newer settlements it will still exist, and the situation as a whole is a serious one. The elevator facilities will doubtless rapidly improve, but the farmers should provide granaries for themselves to a very much greater extent than there is any evidence of at present. No doubt also the distressing conditions incident to the shortage of cars and haulage power will be abated, but in this also the farmer should help by having storage capacity of his own. As the grain crops of the North-West increase in total quantity it becomes clear that they cannot all be marketed and carried out of the country in a few months. The labour must be spread over the year as far as is fairly possible, having regard to all the interests concerned.

In cattle, the North-West ranchers and graziers have been unusually fortunate. The conditions for feeding were at the best, and the prices obtained probably the highest in

the history of the North-West, so that ranchers, graziers and middlemen have all done well. In hogs and in dairy products, while the returns have been satisfactory, the development of these industries has not been so great as in other directions. But the most important feature in the growth of the North-West is the rapidity of the land settlement. We have waited for years, hoping that the virtues of this part of Canada might be better understood, and slow as the appreciation still is in Great Britain and other parts of Europe, the people of the western parts of the United States begin to understand. In their own country agricultural lands have risen to high prices ; prices too high for the man who has little but his hands to work with, and prices so high that if a successful man can by selling one farm obtain as many acres apiece for each member of a large family, the temptation is almost irresistible. But the lands of splendid quality and low price will not be a magnet for the western farmer alone. The series of industrial operations, common to the west, such as farming, cattle ranching, buying land wholesale and obtaining settlers therefor, grain buying and storing, milling of cereals, selling of agricultural implements, shopkeeping, etc., will attract men from the United States who, having made fortunes or known of fortune-making by the exploitation of the various Western States, will realize two facts of great importance : First, that the opportunities for such exploitation in the United States are largely gone ; and second, that the opportunity to do over again what has been so successfully done south of the forty-ninth parallel is now offered north of it. The sales of lands by the Government, by railways and other land owners, exceed all previous records as to new purchases and as to money actually paid, while the character of the new settlers as to intelligence for the business of farming and the possession of money and implements, is better, taken altogether, than ever before. Building of all kinds is naturally on an unusually large scale, and labour and materials are correspondingly high in cost. This is always a possible

source of danger when the scope of operations is abnormal, and it does not seem too early to say a word of warning regarding Winnipeg, where one of the results of extensive building has been to inflate real estate values considerably. Perhaps nothing will so readily show the growth of Manitoba and the three important Territories as the figures of the population. In 1870 the population was estimated at 19,963; in 1881 at 87,775; in 1891 at 219,305; in 1901 at 413,887, and in 1902 at 515,000.

BRITISH COLUMBIA.

The conditions in British Columbia are too varied to be dealt with fully. While it is the only Province which has not had a full measure of prosperity, it seems safe to assert that the positive advance in certain industries outweighs the lack of it in others, and the general result to the Province is a substantial improvement over last year. We have been looking for quick results in mining and for the rapid creation of a trans-Pacific or foreign trade in some articles. Success in these directions is disappointingly slow, but a great market is opening at the back doors of British Columbia which may be more valuable in the near future than anything she has hoped for. The people of the Territories will be rich in grain and cattle, but will have, apparently for all time, to buy lumber, fruit, fish, and almost all manufactured articles from other districts, let us hope mainly from other districts in Canada. Some of these articles British Columbia is *already supplying*. It will be her own fault if she does not supply a greater range and volume in the immediate future. In a more remote future it seems probable that she may supply the bulk of all that is required, competing with the East in the higher grade of manufactures. With coal, timber, all the metallic ores, great water-powers, and the advantage in geographical position, there can be no sound reason why she should not command this market, small in the aggregate now, but with almost unlimited possibilities of future growth.

The lumber industry has doubtless made the most pronounced growth during the past year. This has been noticeably true of South Eastern Kootenay, from which a large part of the Territories can be quickly supplied. However, throughout the Province the trade has been active and profitable, timber lands are being appreciated more highly, not merely as to price but as a great source of future wealth, demanding protection from fire and from the general wastefulness which accompanies the early years of this great industry.

The fishing interests of British Columbia are so great that we can but hope that the relations between the Dominion and the Provinces in the matter of fisheries may soon be settled, and that the people of the interior of Canada may become sufficiently well informed to realize that on the Atlantic and Pacific coasts, and in our great lakes and rivers, we have wealth beyond computation, which requires protection both physically and by intelligent legislation. We are, if possible, more ignorant regarding the wealth of the water under our control than of the land, and perhaps, until we realize that the duties of the Minister of Marine and Fisheries are as serious and as vitally important as those of any other Minister, we have little reason to expect that this great source of natural wealth will obtain the regard to which it is entitled. The catch of salmon, as was expected, is much less than in the previous season, that having been one of the curiously recurrent full years. For 1902 the total catch in British Columbia is 626,000 cases against 1,100,000 cases in 1901. The industry is now in stronghands, and seems to have taken its place as one of the steady sources of wealth for the Province.

The production of coal, while retarded by a serious accident in one mine, and, on the Island, by the use of oil in California, is in the way of reaching larger figures of production each year. The fears entertained regarding the effect of the oil discoveries in California on the use of our coal are now much less than a year ago.

It is in the mining of the metallic minerals that the results are not satisfactory. As long as the prices of silver, lead and copper are so low, the natural difficulties of production are greatly increased. In the Slocan district, unless the price of silver, now at its lowest, improves, and a market elsewhere than in the United States can be found for lead, this really rich and once profitably worked district may practically abandon the effort to produce until better conditions arise. The Canadian market for lead would not consume even the ordinary production of this district, but it does seem intolerable that they cannot have this on the one hand, or that of the United States on the other.

In the matter of overcoming the difficulties of cheap production, we are, however, taking rapid strides, and the statement is already made that in the Boundary district the smelting is done as cheaply as anywhere else in the world. However true this may be, copper-gold ores which contain values so low as to have been regarded as quite worthless a few years ago are now being worked at a profit. Regarding the smelting of low grade ore as an ordinary manufacturing venture, requiring large capital and complete technical skill, but based upon a small profit per ton because of the volume handled, the future of the Boundary country is assured. This only refers at present to mines which have their own smelters, and are so situated as not to be ruined by freight rates. The cost of freight, it is to be hoped, will eventually be arranged so as to leave the railway companies the lowest profit they can afford to accept, in order that the mining industry may have a fair chance. Perhaps the railway companies would eventually earn much more profit by this course than by that followed heretofore.

YUKON TERRITORY.

The output of gold in the Yukon Territory for the season of 1902 is between \$12,000,000 and \$13,000,000. Under the system of collecting the tax put in force this year for the first time, the figures representing permits granted to export gold

as reported by the Comptroller, should be accurate, and as a matter of fact they compare closely with those obtained from the various assay offices. This is a falling off from the highest figures, due doubtless to the fact that some of the ground now being worked is of a less rich kind than the majority of the claims which could be worked at a profit a year or two earlier. This is a natural result, and with steadily improving conditions more profit will be made in many cases out of the lower yielding gravels, cheaply worked, than out of many *claims of higher yield.*

UNITED STATES.

In the three Pacific Coast States in which we have branches, prosperity is so general that sober-minded people are beginning to look for the signs of danger which usually accompany later stages of good times. General business is more active and larger in volume than ever ; money has been easier than in the East ; building operations are more extensive ; the lumber trade is so markedly successful as to induce a dangerous tendency to speculate in timber lands ; and the general results in money from agriculture, fruit growing, *grazing, etc., have been most satisfactory.* *On the other* hand the salmon pack, as in British Columbia, is small, and the trade with the Canadian Yukon has fallen off, that country being now supplied mainly from Canada, but trade with Alaska has increased. The shipping business reflects perhaps only the unsatisfactory conditions in Europe, but unless the trans-Pacific trade rapidly increases it may be that this large element in the commerce of the coast will receive a substantial check. The protection afforded to the coast-wise shipping which is still profitable, has made more distinctly noticeable the difference in profit between that class and the ordinary shippers who must compete with the world.

GENERAL REMARKS.

It is difficult in a few words to sum up the trade position of the United States and Canada as a whole. The two countries successfully harvested the largest crops ever known. When

we consider the enormous area, the diversity as to soil, climate and nature of crop, this is a result we may not fairly expect again in many years. The railroads in both countries have had more to do and greater difficulty in doing it than ever before. For this reason they find it necessary to make improvements of a quite unusual nature, and the money to be spent for this in the immediate future, reaches figures so large as certainly to affect very considerably the total volume of trade. If steel is still the barometer of trade, and a decline in its use a presage of depression, it is interesting to note that we are at the end of a year of unparalleled production, and that the mills are as full of orders as ever. If we try to gain an argument from the bank clearings, we must remember that stock or produce exchange speculations so influence the total as to make this an unsafe guide. In the United States the total of bank clearings in 1902 is about the same as in 1901, but the volume of stock exchange speculation was much smaller, so that apparently the clearings indicate the growth of ordinary business. In Canada the growth of bank clearings is remarkable, but we fear that to a considerable extent this is due to stock exchange transactions. There are now clearing houses in eleven Canadian cities. Leaving out three of these where the establishment was only recent, we find that in the remaining eight the total clearings have grown from \$1,614,507,986 in 1899, to \$2,347,282,856 in 1902, an increase of \$732,774,870, or about 45 per cent. Of this growth about \$600,000,000 was made in Montreal and Toronto, quite equally divided, and \$80,000,000 in Winnipeg.

Against these favourable conditions there are several features in the United States which are certainly not favourable. The money market which has so patiently borne the strain of repeated large flotations, has been more positively disturbed than for five or six years; the effect of the great coal strike has doubtless still to be felt in many ways; the necessity for an adequate reform of the currency is even more pressing than in the past; while the possibility of a great

struggle over the so-called Trusts, and the growing disposition in the direction of further interference in the freedom of railroad management, have a disturbing effect on the value of many securities.

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

Mr. Frederick Wyld.—I am sure that the resolution I am about to offer will be cordially adopted by the meeting, in view of the very satisfactory Report which has been presented to-day and the exhaustive and interesting explanations which have been made in connection therewith. I have much pleasure, therefore, in moving the following resolution:—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.

Mr. C. D. Massey briefly seconded the resolution, which was carried unanimously.

Mr. John L. Blaikie.—I am sure that the Shareholders of the Bank will be grateful to the General Manager for the able and exhaustive report of the trade conditions of the country which he has presented, and in view of the great prosperity of the Bank the Shareholders may very well express to the staff of this Bank their gratitude for the manner in which they have discharged their duties. It is therefore in no formal sense that I move the following resolution:—That the thanks of the meeting are 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. William Davidson briefly seconded the resolution, which was carried unanimously.

Mr. Walker, after expressing his conviction that the passing of this resolution annually was a matter of gratification to the various members of the now large staff of the Bank, referred briefly to the retirement of Mr. Plummer, expressing

his sense of his personal loss after a daily association with that gentleman for the past sixteen years, and a friendship of over thirty-four years' standing.

Mr. Plummer expressed his regrets at the termination of his long and happy relations with the Bank.

Mr. Laird, who is about to assume his duties as Assistant General Manager, also expressed his thanks to the mover of the resolution.

Moved by Mr. Frederic Nicholls, seconded by Mr. J. W. Flavelle, and resolved:—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 as Directors for the ensuing year:—Hon. George A. Cox, Robert Kilgour, W. B. Hamilton, M. Leggat, James Crathern, John Hoskin, K.C., LL.D., J. W. Flavelle, A. Kingman, Frederic Nicholls, Hon. L. Melvin Jones.

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

