

THE CANADIAN BANK
OF COMMERCE



ANNUAL REPORT

30TH NOVEMBER, 1907

THE CANADIAN BANK OF COMMERCE

CAPITAL PAID-UP - - - - - \$10,000,000
REST - - - - - 5,000,000

DIRECTORS :

B. E. WALKER, Esq. - - - - - PRESIDENT
ROBERT KILGOUR, Esq. - - - - - VICE-PRESIDENT

| | |
|--------------------------------|-------------------------|
| HON. GEO. A. COX | HON. L. MELVIN JONES |
| MATTHEW LEGGAT, Esq. | FREDERIC NICHOLLS, Esq. |
| JAMES CRATHERN, Esq. | H. D. WARREN, Esq. |
| JOHN HOSKIN, Esq., K.C., LL.D. | HON. W. C. EDWARDS |
| JOSEPH W. FLAVELLE, Esq. | Z. A. LASH, Esq., K.C. |
| A. KINGMAN, Esq. | E. R. WOOD, Esq. |

LONDON BOARD :

WILLIAM C. WARD, Esq., Chairman
HENRY J. GARDINER, Esq.

HALIFAX BOARD :

| | |
|-------------------------------|------------------------|
| H. N. WALLACE, Esq., Chairman | |
| C. W. ANDERSON, Esq. | W. J. G. THOMSON, Esq. |
| JOHN MACNAB, Esq. | W. N. WICKWIRE, Esq. |

CHARLOTTETOWN BOARD :

| | |
|------------------------------|----------------------|
| WM. A. WEEKS, Esq., Chairman | |
| F. R. HEARTZ, Esq. | HON. A. PETERS, Esq. |
| A. P. PROWSE, Esq. | |

THE CANADIAN BANK OF COMMERCE

HEAD OFFICE : TORONTO

B. E. WALKER - - - - - PRESIDENT

ALEXANDER LAIRD - - - - - GENERAL MANAGER

A. H. IRELAND, Superintendent of Branches

H. H. MORRIS, Superintendent of Pacific Coast Branches

V. C. BROWN, Chief Inspector

T. F. ASPDEN

J. P. BELL

WM. HOGG

Assistant Inspectors

A. ST. L. TRIGGE, Secretary

BRANCHES

BRITISH COLUMBIA AND YUKON—

| | | |
|---------------------------|-----------------------|-----------|
| CRANBROOK | R. T. BRYMNER . . . | Manager |
| CRESTON | P. B. FOWLER . . . | Act. Mgr |
| DAWSON | D. M. SANSON . . . | Manager |
| FERNIE | H. L. EDMONDS . . . | " |
| GREENWOOD | J. T. BEATTIE . . . | " |
| KAMLOOPS | C. W. HALLAMORE . . | " |
| LADYSMITH | L. M. DeGEX . . . | " |
| MISSION CITY | K. V. MUNRO . . . | " |
| NANAIMO | E. H. BIRD . . . | " |
| NELSON | J. L. BUCHAN . . . | " |
| NEW WESTMINSTER | H. R. DAVIDSON . . . | " |
| PENTICTON | J. J. HUNTER . . . | " |
| PRINCE RUPERT | J. M. CHRISTIE . . . | " |
| PRINCETON | J. A. SMITH . . . | Act. Mgr. |
| VANCOUVER | WILLIAM MURRAY . . . | Manager |
| Do. EAST | C. W. DURRANT . . . | " |
| Do. SOUTH | E. W. CARR HILTON . . | " |
| VICTORIA | G. GILLESPIE . . . | " |
| WHITE HORSE | D. ROSS | " |

WESTERN PROVINCES—

| | | |
|------------------------------|-------------------------|---------|
| BAWLf, ALTA. | W. H. HARRISON . . . | Manager |
| BRANDON, MAN. | A. MAYBEE | " |
| CALGARY, ALTA. | C. W. ROWLEY | " |
| CANORA, SASK. | G. G. BOURNE | " |
| CARMAN, MAN. | D. McLENNAN | " |
| CLARESHOLM, ALTA. | W. A. CORNWALL . . . | " |
| CROSSFIELD, ALTA. | JAMES CAMERON . . . | " |
| DAUPHIN, MAN. | D. H. DOWNIE | " |
| DRINKWATER, SASK. | H. H. LOWE | " |
| DURBAN, MAN. | W. E. D. FARMER . . . | " |
| EDMONTON, ALTA. | T. M. TURNBULL . . . | " |
| ELGIN, MAN. | H. B. HAINES | " |
| ELKHORN, MAN. | R. H. BROTHERHOOD . . | " |
| GILBERT PLAINS, MAN. | E. J. MEEB | " |
| GLEICHEN, ALTA. | W. R. McKIE | " |
| GRANDVIEW, MAN. | A. B. STERNBETT . . . | " |
| GRANUM, ALTA. | THOMAS ANDREWS . . . | " |
| HARDISTY, ALTA. | L. A. S. DACK | " |
| HIGH RIVER, ALTA. | C. R. W. POOLEY . . . | " |
| HUMBOLDT, SASK. | F. C. WRIGHT | " |
| INNISFAIL, ALTA. | WM. HILBORN | " |
| INNISFREE, ALTA. | W. P. PERKINS | " |
| KAMSACK, SASK. | G. G. BOURNE | " |
| KENVILLE, MAN. | F. J. MACOUN | " |

BRANCHES—Continued

| | | |
|--------------------------|-------------------|------------|
| KINISTINO, SASK. | E. R. JARVIS | Manager |
| LANGHAM, SASK. | W. J. SAVAGE | " |
| LANIGAN, SASK. | F. J. TURNER | " |
| LASHBURN, SASK. | B. P. ALLEY | " |
| LETHBRIDGE, ALTA. | C. G. K. NOURSE | " |
| LLOYDMINSTER, SASK. | S. M. DALY | " |
| MACLEOD, ALTA. | W. G. LYNCH | " |
| MEDICINE HAT, ALTA. | F. L. CRAWFORD | " |
| MELFORT, SASK. | E. R. JARVIS | " |
| MOOSEJAW, SASK. | E. M. SAUNDERS | " |
| MOOSOMIN, SASK. | D. I. FORBES | " |
| NANTON, ALTA. | C. F. A. GREGORY | " |
| NEEPAWA, MAN. | C. BALLARD | " |
| NOKOMIS, SASK. | K. W. REIKIE | " |
| NORTH BATTLEFORD, SASK. | E. A. FOX | " |
| PINCHER CREEK, ALTA. | A. W. LARMOUR | " |
| PONOKA, ALTA. | A. F. TURNER | Act. Mgr. |
| PORTAGE LA PRAIRIE, MAN. | A. L. HAMILTON | Manager |
| PRINCE ALBERT, SASK. | E. G. SHANNON | " |
| RADISSON, SASK. | C. DICKINSON | " |
| RED DEER, ALTA. | W. L. GIBSON | " |
| REGINA, SASK. | H. F. MYTTON | " |
| SASKATOON, SASK. | W. P. KIRKPATRICK | " |
| STAVELY, ALTA. | THOMAS ANDREWS | " |
| STONY PLAIN, ALTA. | A. M. BROWN | " |
| STRATHCONA, ALTA. | G. W. MARRIOTT | " |
| SWAN RIVER, MAN. | F. J. MACOUN | " |
| TREHERNE, MAN. | J. S. MUNRO | " |
| VEGREVILLE, ALTA. | W. P. PERKINS | " |
| VERMILION, ALTA. | H. M. STEWART | " |
| VONDA, SASK. | J. C. KENNEDY | " |
| WADENA, SASK. | A. L. JENSEN | Act. Mgr. |
| WATSON, SASK. | HENRY KERR | Manager |
| WETASKIWIN, ALTA. | H. I. MILLAR | " |
| WEYBURN, SASK. | J. D. BELL | " |
| WINNIPEG, MAN. | { JOHN AIRD | " |
| | { R. A. RUMSEY | Asst. Mgr. |
| Do. ALEXANDER AVE. | A. S. HOUSTON | Manager |
| Do. BLAKE ST. | A. B. IRVINE | " |
| Do. ELMWOOD | A. S. SWINFORD | " |
| Do. FORT ROUGE | H. L. WETHEY | " |
| Do. NORTH | H. W. TRENHOLME | " |
| Do. NORWOOD | " | " |
| Do. PORTAGE AVE. | G. M. PATTERSON | " |
| Do. ROSS AVE. | A. B. IRVINE | " |
| YELLOWGRASS, SASK. | C. HENSLEY | " |

ONTARIO AND QUEBEC—

| | | |
|------------|---------------|---------|
| AYR | H. M. LAY | Manager |
| BARRIE | H. J. GRASETT | " |
| BELLEVILLE | C. M. STORK | " |
| BERLIN | G. M. WEDD | " |
| BLENHEIM | W. H. LUGSDIN | " |

BRANCHES—Continued

| | | |
|-----------------------------------|------------------------------|------------|
| BRANTFORD | H. W. FITTON | Manager |
| CAYUGA | J. L. BARNUM | " |
| CHATHAM | JAMES SIMON | " |
| COBALT | S. H. LOGAN | " |
| COLLINGWOOD | C. D. NEVILL | " |
| DRESDEN | J. McE. MURRAY | " |
| DUNDAS | F. C. G. MINTY | " |
| DUNNVILLE | R. T. MUSSEN | " |
| FORT FRANCES | F. M. GIBSON | " |
| FORT WILLIAM | A. A. WILSON | " |
| GALT | C. E. A. DOWLER | " |
| GODERICH | R. S. WILLIAMS | " |
| GUELPH | J. M. DUFF | " |
| HAMILTON | D. B. DEWAR | " |
| KINGSTON | P. C. STEVENSON | " |
| LATCHFORD | W. H. COLLINS | " |
| LINDSAY | W. C. T. MORSON | " |
| LONDON | JEFFERY HALB | " |
| MONTREAL | { | " |
| Do. DE LORIMIER | C. D. MACKINTOSH | Asst. Mgr. |
| Do. WEST END | H. G. PANGMAN | Act. Mgr. |
| ORANGEVILLE | H. B. PARSONS | Manager |
| OTAWA | E. C. COMPLIN | " |
| Do. BANK STREET | ROBERT GILL | " |
| PARIS | C. R. ARMSTRONG | " |
| PARKHILL | R. C. MACPHERSON | " |
| PARRY SOUND | T. L. ROGERS | " |
| PETERBORO | E. M. LOCKIE | " |
| PORT ARTHUR | D. HUGHES CHARLES | " |
| PORT PERRY | A. W. ROBARTS | " |
| QUEBEC | A. G. VERCHERE | " |
| RAINY RIVER | W. H. DUNSFORD | " |
| ST. CATHARINES | H. W. GRAHAM | " |
| SARNIA | R. G. W. CONOLLY | " |
| SAULT STE. MARIE | A. D. McLEAN | " |
| SEAFORTH | GEORGE WILLIAMS | " |
| SIMCOE | G. E. PARKES | " |
| STRATFORD | W. C. J. KING | " |
| STRATHROY | WM. MAYNARD | " |
| TORONTO | L. H. DAMPIER | " |
| Do. BLOOR AND YONGE | { M. MORRIS | " |
| Do. MARKET | C. CAMBIE | Asst. Mgr. |
| Do. PARKDALE | JAMES BRYDON | Manager |
| Do. PARLIAMENT ST. | T. A. CHISHOLM | " |
| Do. QUEEN AND BATHURST | W. A. COOKE | " |
| Do. QUEEN EAST | A. H. CREASE | " |
| Do. SPADINA AND COLLEGE | E. M. PLAYTER | " |
| Do. YONGE AND COLLEGE | J. M. HEDLEY | " |
| Do. YONGE AND QUEEN | H. F. D. SEWELL | " |
| TORONTO JUNCTION | G. C. T. PEMBERTON | " |
| WALKERTON | GEO. LYDE | " |
| | G. A. HOLLAND | " |

BRANCHES—Continued

| | | |
|-----------------------|--------------------|---------|
| WALKERVILLE | A. W. RIDOUT . . . | Manager |
| WATERLOO | J. MOORMAN . . . | " |
| WIARTON | J. J. ACRES . . . | " |
| WINDSOR | E. P. GOWER . . . | " |
| WINGHAM | A. E. SMITH . . . | " |
| WOODSTOCK | F. CROSSLEY . . . | " |

MARITIME PROVINCES—

| | | |
|-------------------------|---------------------|-----------|
| ALBERTON | W. C. LAWSON . . . | Act. Mgr. |
| AMHERST | J. H. MORRISON . . | Manager |
| ANTIGONISH | J. H. McQUAID . . . | " |
| BARRINGTON | F. W. HOMER . . . | " |
| BRIDGEWATER | H. C. DUNCAN . . . | " |
| CHARLOTTETOWN | J. M. DAVISON . . . | " |
| HALIFAX | D. MACGILLIVRAY . . | " |
| MIDDLETON | C. W. MONTGOMERY . | " |
| MONTAGUE | J. C. E. CHADWICK . | " |
| NEW GLASGOW | B. DeVEBER . . . | " |
| PARRSBORO | A. E. CURRIE . . . | " |
| ST. JOHN | F. B. FRANCIS . . . | " |
| SHELBURNE | T. W. MAGEE . . . | " |
| SOURIS | G. W. SUTHERLAND . | " |
| SPRINGHILL | E. B. FAIRBANKS . . | " |
| SUMMERSIDE | H. A. HOLMES . . . | " |
| SYDNEY | E. B. IRELAND . . . | " |
| TRURO | S. N. MOFFAT . . . | " |
| WINDSOR | J. A. RUSSELL . . . | " |

UNITED STATES—

| | | |
|---------------------------------|------------------------|------------|
| NEW YORK | { Wm. GRAY . . . } | Agents |
| | { H. B. WALKER . . } | |
| PORTLAND, ORE. | F. C. MALPAS . . . | Manager |
| SAN FRANCISCO | { A. KAINS . . . } | " |
| | { G. W. B. HEATHCOTE } | Asst. Mgr. |
| Do. VAN NESS AND EDDY | A. KAINS . . . | Manager |
| SEATTLE | G. V. HOLT . . . | " |
| SKAGWAY | W. T. WHITE . . . | " |

GREAT BRITAIN—

LONDON, 2 Lombard Street, E.C.

| | |
|----------------------------|----------------|
| S. CAMBRON ALEXANDER . . . | Manager |
| ADAM STODART } | Asst. Managers |
| H. V. F. JONES } | |

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, The Fourth National Bank; ALBANY—The New York State National Bank; BOSTON—The Bank of Nova Scotia, The National Shawmut Bank; BUFFALO—The Bank of Buffalo; CHICAGO—The First National Bank, The Northern Trust Company; CLEVELAND—The First National Bank; DENVER—The First National Bank; DETROIT—The People's State Bank, The Commercial National Bank; MINNEAPOLIS—The North-Western National Bank; NEW ORLEANS—The Commercial National Bank; PITTSBURG—The Mellon National Bank; SALT LAKE CITY—The Deseret National Bank; SPOKANE—The Traders National Bank; TACOMA—The Bank of California.

FRANCE—

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

GERMANY—

Deutsche Bank.

HOLLAND—

Disconto Maatschappij, Rotterdam.

BELGIUM—

Messrs. J. Matthieu & Fils, Brussels; Banque d'Anvers, Antwerp.

SWITZERLAND—

Banque Fédérale, Zurich.

INDIA, CHINA, JAPAN AND THE PHILIPPINE ISLANDS—

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; National Bank of Australasia, Limited.

HAWAIIAN ISLANDS—

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

SOUTH AMERICA—

British Bank of South America, Limited; London and Brazilian Bank, Limited; Anglo-South American Bank Limited.

MEXICO—

Banco de Londres y Mexico.

WEST INDIES—

Bank of Nova Scotia, Kingston, Jamaica; Colonial Bank and Branches; National Bank of Cuba, Havana, Cuba.

BERMUDA—

Bank of Bermuda, Limited, Hamilton.

GENERAL STATEMENT

30TH NOVEMBER, 1907

LIABILITIES

| | |
|--|------------------|
| Notes of the Bank in circulation | \$ 9,235,769 68 |
| Deposits not bearing interest | \$20,951,271 35 |
| Deposits bearing interest, including interest accrued to date..... | 66,089,786 15 |
| | 87,041,057 50 |
| Balances due to other Banks in Canada | 155,499 78 |
| Balances due to other Banks in foreign countries .. | 1,373,791 12 |
| Dividends unpaid | 1,508 44 |
| Dividend No. 83, payable 1st December | 200,000 00 |
| Capital paid up..... | \$10,000,000 00 |
| Rest..... | 5,000,000 00 |
| Balance of Profit and Loss Account carried forward..... | 675,912 10 |
| | 15,675,912 10 |
| | \$113,683,538 62 |

ASSETS

| | |
|---|------------------|
| Coin and Bullion | \$5,663,047 48 |
| Dominion Notes | 5,390,372 25 |
| | \$11,053,419 73 |
| Deposit with Dominion Government for security of Note circulation..... | 450,000 00 |
| Notes of and Cheques on other Banks | 3,730,479 42 |
| Balances due by other Banks in Canada | 9,362 52 |
| Balances due by Agents of the Bank in the United Kingdom | 51,121 88 |
| Balances due by Agents of the Bank and other Banks in foreign countries | 2,878,820 77 |
| Government Bonds, Municipal and other Securities..... | 4,874,681 86 |
| Call and Short Loans | 12,695,557 30 |
| | \$35,743,443 48 |
| Other Current Loans and Discounts | 76,073,271 90 |
| Overdue Debts (loss fully provided for)..... | 109,867 32 |
| Real Estate (other than Bank Premises) | 64,082 58 |
| Mortgages..... | 34,248 58 |
| Bank Premises..... | 1,412,935 26 |
| Other Assets..... | 245,689 50 |
| | \$113,683,538 62 |
| | \$113,683,538 62 |

ALEX. LAIRD,
General Manager.

THE CANADIAN BANK OF COMMERCE

REPORT OF THE PROCEEDINGS

OF

THE ANNUAL MEETING OF SHAREHOLDERS

TUESDAY, 14TH JANUARY, 1908.

The forty-first Annual Meeting of the Shareholders of The Canadian Bank of Commerce was held in the banking house on Tuesday, 14th January, 1908, at 12 o'clock.

Among those present were :—

William Thoburn, Almonte; John A. Bruce, Hamilton; Thomas Gilmour, W. Glenney, Oshawa; M. Sparkhall, William Davidson, C. M. Gripton, St. Catharines; Mrs. E. J. Gripton, St. Catharines; George Murray, Toronto Junction; William Cook, Carrville; J. H. Carrigue, J. M. Davison, Charlottetown; J. L. Blaikie, R. C. Carlyle, W. G. Carlyle, C. Cambie, R. Harmer, Thomas Walmsley, Hon. Geo. A. Cox, Matthew Leggat, Hamilton; James Crathern, Montreal; Hon. W. C. Edwards, Ottawa; W. A. Murray, Montreal; A. Kingman, Montreal; J. W. Flavelle, A. J. Glazebrook, C. S. Gzowski, Hon. L. Melvin Jones, John Hoskin, K.C., LL.D., W. L. Gibson, Red Deer; F. H. Gooch, Henry Beatty, G. A. Morrow, E. R. Wood, W. Prendergast, J. S. McMaster, R. Kilgour, D. Hughes Charles, Peterboro; H. F. Mytton, Regina; J. M. Hedley, P. G. Van Vleet, G. A. Somerville, W. H. Lockhart Gordon, W. Cassels, A. W. Anglin, Rev. Dr. Somerville, A. J. Helliwell, J. L. Watt, J. E. Atkinson,

W. H. Smith, F. J. D. Smith, Newtonbrook; J. A. Morton, Major Keefer, Edward Gurney, T. A. Russell, Richard Brown, M. J. Taylor, W. E. Rundle, David Smith, A. H. Campbell, J. O. Thorn, J. S. Lovell, William Mackenzie, Rev. J. H. Paterson, Frederick Wyld, M. Morris, S. R. Wickett, William Craig, J. Belcher, Peterboro; W. T. White, S. M. Wickett, A. A. Wilson, Fort William; H. S. Holcroft, Orillia; A. E. Ferrie.

The President, Mr. B. E. Walker, having taken the chair, Mr. A. St. L. Trigge was appointed to act as Secretary, and Messrs. C. S. Gzowski and A. J. Glazebrook 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 forty-first Annual Report, covering the year ending 30th November, 1907, together with the usual Statement of Assets and Liabilities:

| | |
|---|----------------|
| The balance at credit of Profit and Loss Account brought forward from last year was | \$ 103,562 43 |
| Net profits for the year ending 30th November, after providing for all bad and doubtful debts, amounted to..... | 1,752,349 67 |
| | <hr/> |
| | \$1,855,912 10 |

Which has been appropriated as follows:—

| | |
|---|----------------|
| Dividends Nos. 80, 81, 82 and 83, at Eight per cent. per annum..... | \$ 800,000 00 |
| Written off Bank Premises..... | 350,000 00 |
| Transferred to Pension Fund (annual contribution)..... | 30,000 00 |
| Balance carried forward..... | 675,912 10 |
| | <hr/> |
| | \$1,855,912 10 |

All the assets of the Bank have been, as usual, carefully revalued and all bad and doubtful debts amply provided for.

Your Directors have the pleasure of reporting the most satisfactory earnings in the history of the Bank, amounting to \$1,752,349.67. After providing for four quarterly dividends at the rate of eight per cent. per annum and for the annual contribution to the Pension Fund, we have been able to write \$350,000 off Bank Premises Account and have carried forward at the credit of Profit and Loss Account the sum of \$675,912.10.

During the year the Bank has opened new branches at the following points: in British Columbia, at Creston, Mission City and Prince Rupert; in Alberta, at Hardisty; in Saskatchewan, at Drinkwater, Lanigan and Nokomis; in Manitoba, at Durban and Kenville. The branch at Atlin, B.C., has been closed.

In accordance with our customary practice, the branches and agencies of the Bank in Canada, the United States and Great Britain, and the various departments of the Head Office, have all been thoroughly 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.

B. E. WALKER,

President.

TORONTO, 14th January, 1908.

The General Manager then spoke as follows:—

GENERAL MANAGER'S ADDRESS

We have come to the close of a year unprecedented in the history of financial stringency, and as it was world-wide in effect we in Canada have not escaped from the results of our own great expansion in trade, and the inevitable contraction of credit which comes as a check in the midst of prosperity throughout the country. Notwithstanding the unfavourable events of the year, the statements of the Bank which we have pleasure in submitting are the best in its history. It is needless to say that with the present outlook we must again repeat the warning to you not to expect a repetition of such large profits. The check upon the volume of business has been later in coming than some of us expected, but it has now actually come, and with a disposition on the part of the public towards the liquidation rather than the creation of debt, the volume of banking business must decline and profits be correspondingly affected.

The net profits for the year amount to over 17½ per cent. on the capital of the Bank and exceed those of last year by \$11,224. We have during the year paid four quarterly dividends of 2 per cent., or at the rate of 8 per cent. per annum, and after devoting the large sum of \$350,000 to expenditures on Bank Premises, and making the usual provision for the Pension Fund, we have carried forward a balance of \$675,912.10 at credit of Profit and Loss Account. Now that the Rest of the Bank equals the sum of fifty per cent. of the paid-up capital, our recommendation will be that transfers to that account be made in even millions and that in the meantime the unappropriated profits should be carried forward at the credit of Profit and Loss Account.

Our deposits during the year show a small decrease, namely, \$111,000. The decrease is altogether in deposits not bearing interest, which are composed of the fluctuating



CHARLOTTETOWN, P.E.I.

balances of various business communities and are therefore in the nature of things subject to rapid changes. A year ago we pointed out that some of the deposits then held were of a temporary character, and we deem it proper to say that at the close of this year also a considerable amount came under this category. In common with other banking institutions, a real shrinkage of deposits will probably result through withdrawals of money which but for the present emergencies of trade would remain with us. On the other hand our deposits bearing interest, being those of a more stable character, have increased during the year \$1,564,000.

The administration of the affairs of the Bank during the past year was fraught with unusual difficulties, but we look forward with the confident expectation that with our organization we shall be able to conserve and maintain a high standard of efficiency in the management of the great interests committed to our care.

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

PRESIDENT'S ADDRESS

At the end of a very eventful year in the financial world it cannot be truthfully said that any business man in Canada was without warning, even if he found himself quite unprepared for the new conditions he was called upon to face. Nor can it be truthfully said that the banks as a whole have failed to do as much for the borrowing public as the latter had a right to expect. Indeed, when we consider the rash and ignorant criticism of the banks heard in communities where the stringency in money has been most keenly felt, it seems almost as if it were useless to offer a signal of danger to the borrowing public so long as prosperity is in full force. A year ago this bank did its part in offering a warning which events have shown to be justified, but this warning was actually regarded as an evidence of total inability to under-

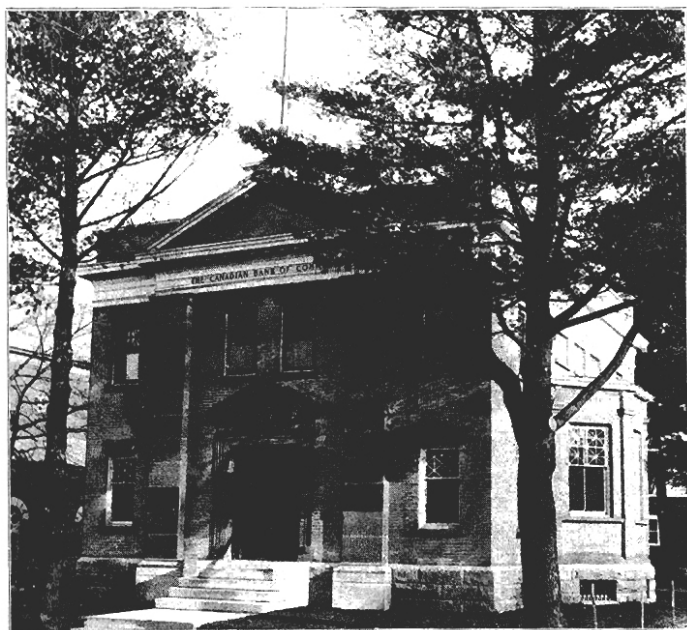
stand the true business conditions in the West. Canada was doing more business than was justified by the money at our command at home or that could be secured abroad by the sale of the securities the country was creating, although it was not producing even sufficient merchandise to meet the demand or building to any degree in advance of immediate requirements. We were, however, importing far in excess of our exports, and, generally, we were *mortgaging our future*, not, as a rule, in the case of each individual, municipality, industrial company or railway, beyond what could be plainly justified if money were easy, but beyond what was wise, having regard to the world-wide condition of the money market which has been so marked in recent years. Now that the check upon our expansion, which we would not make of our own accord, has, in a measure, been forced upon us, we shall doubtless rapidly adjust our affairs to the new conditions, and I shall be surprised if we do not eventually conclude that as a borrowing country we have escaped the more serious troubles of our neighbours, have not failed to sustain the high credit Canada enjoys in Great Britain and elsewhere in Europe, and that the banks, even if no more free from blame than other members of the business community, have really done all that could fairly be demanded.

While Canadians have taken a natural pride in the great growth of their foreign trade, which has increased from \$257,168,000 in 1897 to \$617,944,000 in 1907, some remark has seemed necessary each year upon the large excess in our imports. For the year ending midsummer 1906 the two had so approximated that the excess of imports was only \$37,680,000 in a foreign trade of \$550,854,000, but for the year ending midsummer 1907 we have an excess in imports of \$101,601,000, our exports being but little larger than for the previous year, while our imports are about \$65,000,000 more. The first three months following

mid-summer 1907, showed no tendency towards improvement. We cannot build a third transcontinental railroad in addition to providing for the large growth of older railroad systems; we cannot take care of an enormous and unprecedented inflow of immigrants; and we cannot build up new towns and cities by the hundred, without largely increasing our purchases as compared with what we have to sell. This is what we mean by mortgaging our future. After we make allowance for the wealth brought in by the immigrants themselves and by the many men with capital who come, mainly from the United States, to establish industries or to become merchants or important farmers, the total of which must be very large indeed, the greater part of the sum required to liquidate this excess of imports must be obtained from the sale of our securities abroad. The railroad corporations provide their share and generally in advance of its expenditure, but our towns and cities have of late years sold their bonds so readily that they have not hesitated to spend money in very large sums on improvements, the bonds for which can not as a rule be legally issued until the work is completed. At the same time many industrial companies have been spending money and depending on foreign markets for the sale of securities with which to replace the capital required for such expenditures. In ordinary times such a course would not seriously inconvenience Canadian finances, but coming in a year when the balance against us was so large, our crops below the normal, and the money markets of the world in the worst possible condition for all borrowing countries, it would have been strange if we had not experienced considerable discomfort. We can, however, congratulate ourselves on the soundness of our business conditions apart from the lack of capital, and this has enabled Canadian enterprises to obtain money in European markets on easier terms than many other countries. The course we should follow in the

immediate future seems plain. In all cases where important expenditure for public or private works is contemplated we must be assured as to securing the capital before undertaking the work, and this doubtless means that we must go more slowly for a few years. Whether we like the discipline or not, the results will certainly be good for Canada in many ways.

The scarcity of money arises from various causes. Roughly speaking, if one man wishes to borrow, another man must have saved in a shape ready for investment. If the world is in a debt-paying and therefore also a saving mood, it will set aside annually more savings than are needed; and if the world's trade is expanding and profitable, and extravagance is therefore general, the reverse will be the case. One great French economist has endeavoured to state the conditions of the world as they existed in 1906. He estimates the capital needed that year for new commitments as \$3,250,000,000, and the world's savings available for investment at not more than \$2,400,000,000 to \$2,800,000,000. There was therefore an enormous deficiency, and however near this may be to the actual facts, it illustrates in a forcible way what the world is trying to do, and why interest rates have risen and the prices of all securities, no matter how excellent, have fallen. When we look at ordinary commercial banking operations connected with the production and movement of commodities, we must realize that as against an increased gold supply and the increased credit made possible thereby, there have been two factors tending to enlarge the load of credit to be carried. First, a great increase in the quantity or number of articles of merchandise to be carried, and, second, a great increase in the price of almost all articles. Clearly the world has gone too far in the one direction, and now we must look for a mood of economy, in consequence of which personal extravagance will decline and savings increase, and the



COOKSHIRE, QUE.

pace of the world's building operations and trade movement will somewhat lessen. This will probably be accompanied by a fall in wages, however regrettable, and by a fall in prices generally, although the steady increase in the gold output of the world and the power of certain great industrial organizations may be opposing factors to any large and permanent decline.

THE MARITIME PROVINCES

These provinces have had another year of the quiet but steady-going prosperity which characterizes this part of Canada, and but for the effect on their lumber market of the check to building operations in Great Britain and the United States the results of the year would have been quite satisfactory. The unusually severe winter which was general throughout Canada was followed in these provinces by a backward spring and a more or less wet and unsettled summer; but although in New Brunswick and some few localities in Nova Scotia this was hurtful, the crops were excellent in Nova Scotia and Prince Edward Island generally, and owing to the prevailing high prices the farmer has had an unusually good year. The result of enquiries from 140 correspondents in Nova Scotia shows that, taking 100 as the average crop and considering four kinds of cereals, two kinds of roots, and hay and apples, the yield for all but hay, which was 90, ranged from 95 to 110. The results from the dairy have been somewhat larger and with better prices than for the previous year, and the sales of eggs, of cattle and other animals exceed those of recent years. The price for apples, one of the most important crops in Nova Scotia, is higher than last year, but there has been such a shortage of car supply that warehouses are full, and buyers are not willing to pay cash to farmers under such circumstances. The total crop for this province is estimated at 800,000 barrels, valued at \$2,000,000.

The year has been profitable to the fishermen, the catch including lobsters being about 25 per cent. higher than last year, and the total money result to Nova Scotia \$7,000,000 or more. Lobsters are not as plentiful or as large as formerly, and mackerel are less numerous than last year, but inshore cod have been caught in larger quantities and are handled and sold fresh under steadily improving conditions. As a whole the fish trade, so important to the Maritime Provinces, is in a healthy condition, with a good outlook for the future.

The lumber business, which is not one of the most important industries in Nova Scotia, although it is in New Brunswick, had a favourable season for manufacturing; but as sales depend mainly on conditions in other countries it is not surprising to learn that the markets in Great Britain for deals and in the United States for hemlock declined because of decrease in building operations and large stocks on hand, so that some home stocks are held over, while many sales have been made at a loss, or at least without profit. There is quite a large supply of last year's logs unsawn, and the cut for the present winter will be not more than 50 per cent. of that of last year. As the Norwegian and Russian cuts are also being lessened, the market should return to normal conditions very soon; indeed, some improvement is already evident.

It is too early to obtain the figures of the output of coal for the season, but owing to a prolonged strike at one mining centre, to shorter working hours in some mines and to other causes, the quantity mined was somewhat less than for the previous year, instead of showing the usual increase of 10 to 15 per cent. There is also a large shortage in the St. Lawrence shipments owing to the late opening of navigation. There was an excellent demand at good prices, and except where

mines are working on old contracts made at low rates, profits should be quite satisfactory.

The various manufacturing establishments, especially those of national importance, have been busily employed and have in many cases exceeded the high record of the previous year. The steel companies have had an excellent year. In the case of the younger and larger company there has been an improvement over the satisfactory previous year in output in proportion to plant, in quality and in profits, not having regard to the outstanding dispute over the price of coal. The companies have orders ahead sufficient to warrant the hope that they will not in the near future fall off seriously in production or be forced to lower their prices materially. It is to be borne in mind that there are as yet no sources in Canada from which an adequate supply of pig-iron, for the use of the ordinary manufacturer who works in iron, can be obtained, although new works have been established at Port Arthur in Ontario, which should materially increase the supply.

Time will, of course, remedy this, but it may be well to consider what we may hope to accomplish in the not very distant future. In steel and iron in shape to be more or less the raw material of articles to be manufactured in Canada, such as pig-iron, scrap-iron, steel ingots, bars, skelp and also sheet-iron and wire, we imported in 1906 \$7,358,000, and in 1907 \$12,326,000. We should surely hope to make all or almost all of this material in Canada very soon. We imported in structural steel and in rails in 1906 \$5,479,000, and in 1907 \$7,892,000, and this we should soon make mainly or altogether at home. In machinery and other manufactures of steel and iron we imported in 1906 \$16,710,000, in 1907 \$21,675,000. Some of these articles we may make before long, but it is not so much in complicated manufactures that we need to succeed early as in staple materials which enter

largely into the goods we are already able to make, or might naturally hope to make, at home. The total of the above-mentioned imports of steel and iron in various forms is rather striking: in 1906 \$29,547,000, in 1907 \$41,893,000.

ONTARIO AND QUEBEC

Agricultural conditions in the different parts of Ontario and Quebec have rarely been so varied and so difficult to describe in the few words at our disposal. The late spring, unfortunately general throughout Canada and indeed throughout a large part of the world, was followed in these provinces by unusually dry weather, and doubts existed at one time or another regarding almost all crops. In the end results were very varied, even in the same districts, and, of course, the yield as a whole is much smaller than usual. But in one respect all farmers have benefited alike—the prices of everything produced on the farm have been higher than in the previous year. This factor, as far as many parts of Ontario are concerned, has caused the money result to be not very different from other years. Wheat, no longer a very important crop relatively in these provinces, was quite satisfactory in yield in some parts, but as a rule considerably below the average. Oats, usually reliable, were, because of drought, blight and other causes, a remarkably poor crop. Hay, generally the most valuable crop in Quebec and very important in Ontario, was very variable in both provinces, because of many features connected with the late spring and lack of rain, and as a whole the yield was unsatisfactory. Where any fair percentage of a normal crop was gathered, high prices have helped the farmer materially in the money result, in many cases leaving him as well off as in other years.

Those who sold cattle and hogs early did well, but financial conditions in the United States and lower

returns from Europe have caused a sharp drop in the prices of both, and those who did not sell are unfortunate for two reasons—they must either hold until spring and pay unusually high prices for feed, or do as many are doing, sell stock at low prices, whether ready for market or not. It is in the dairy department, however, that the effect of the lean pastures shows most clearly. Last year we had to note record results in money from the exports of cheese and butter combined, namely, \$26,000,000. This year the total only slightly exceeds \$20,000,000, and the loss is mainly in butter. The quantity of cheese is somewhat less than in any year since 1901, but the average price obtained was phenomenally high, and the result in money was only about nine per cent. below 1906. But in butter, what with the actual shortage in make and an extraordinary consumption at home, the exports from Montreal, which for the previous nine years had averaged 413,429 packages, with an average value of \$5,537,403, actually fell to 66,773 packages with a value of \$942,000. Although a high price for butter ruled during the year, it is clear that it paid the farmer better to make cheese, and thus almost all the shortage is shown in the one article. It is also to be remembered that the quantity of butter available for export is always small relatively to the total production, so that in a year of lessened production and increased home consumption it is not strange that the surplus has nearly disappeared.

The crop of apples has been variable in quantity, with good prices, and as a whole the results are quite satisfactory. The exports from Montreal were 626,000 barrels, against an average of 362,000 barrels for the preceding seven years.

Without referring to other aspects of farming, grazing and dairying, it is plain that we have had an off year, which surprises us because of the many years of

unusual prosperity enjoyed by the farmers of this part of Canada. But still the year, because of high prices prevailing in almost every article and good yields in some crops, has left our farmers in many parts of Ontario with little cause for complaint. As a rule, collections from farmers and others have been well maintained, even exceeding other years in some districts.

Until the financial stringency began to have some effect, no diminution in the output of manufactories was visible; indeed, they were doubtless never so busy before. The only evident checks upon the output were difficulty in obtaining labour and raw material, and shortage in car supply. For these reasons most manufacturers were continuously behind in their deliveries, and the refusal of orders because of inability to make more goods was a frequent occurrence. The banker has for some time past been urging a curtailment of output because of world-wide money conditions, and clearly this will now take place. We have not, however, been witnessing an overproduction of goods, indeed, part of the large increase in our imports has been clearly due to the inability of our own manufacturers to cope with the demands of the buyers. With the rapid settlement of our West and with normal crops our purchasing power will, we hope, remain sufficient to keep our manufacturing establishments well employed.

Building in towns and cities throughout Ontario and Quebec was already showing signs of a check, because of the high prices of material and labour, and this tendency has now been sharply accentuated by the tightness in money. Although dwelling-houses are hard to obtain in almost every growing town, any abatement in the volume of capital being fixed in either private or public improvements must be welcome at present.

Until the effect of dear money in the United States began to be felt, the demand for our lumber was strong and

prices were higher even than for the previous year. For the moment there are few buyers, but sellers are not inclined to lower prices materially. The money market and other conditions will cause most operators to lessen their cut this winter, and the Ontario and Quebec lumbermen, who are near the great markets of consumption in the United States, do not anticipate much trouble in marketing their next season's product. Foreign markets are, however, uncertain, and the future is not as clear as in recent years. A fall in wages has already taken place, and in other elements of cost in lumbering there will doubtless be a reduction in consequence of the restriction of output and the stringency in money.

In mining, the Cobalt district is likely to give Canada a definite rank among the silver-producing countries. Of course, the bulk of the world's silver is produced by Mexico and the United States, and we cannot hope to reach the rank of these countries. We hold now, however, the fifth place among the silver-producing countries, and a little further development might easily put us in the third or fourth position. The product for 1907 from the Cobalt district is valued at about \$6,000,000, against about \$5,500,000 altogether for the years 1904-5-6, that is, since the foundation of the camp. Satisfactory development work continues, and many of the mines are working lower levels with success. Much excellent machinery is being installed and very substantial buildings are being erected. Indeed, the camp appears to have settled down to legitimate mining on a comparatively large scale. We have not as yet the figures for 1907, but the total value of minerals of all kinds, metallic and non-metallic, produced in Canada in 1906, was about \$80,000,000, a very considerable advance over previous years.

MANITOBA SASKATCHEWAN AND ALBERTA

So much has been written and said about the crop conditions of the Prairie Provinces, and these con-

ditions have varied so greatly in different districts and have changed so rapidly from time to time, that it is a relief and a pleasure to be able to report that the money result from all cereals will certainly be about \$85,000,000, and will perhaps equal the result from the crop of 1906. Of course this is due to the high price set against the much smaller quantity and the great loss in grades due to frost. Had the season been a normal one and had prices, which are not appreciably affected by our crop, remained high, our western farmers would have enjoyed a prosperity exceeding anything they have known. Apart from the difficulties of transporting and financing the grain, the unfortunate feature of the crop has been that the results fall so unevenly as to districts. In the main the fair results have been enjoyed by those districts which could have borne poor crops, while the most meagre results have often come to the newest districts. Our estimate of the crop of 1906, which has since been verified by the latest returns of the actual outcome, was 190,000,000 bushels of cereals, as compared with 167,000,000 for 1905. Our estimate for 1907 is 160,000,000, divided as follows :

| | |
|-------------|---------------------|
| Wheat..... | 70,000,000 bushels. |
| Oats..... | 75,000,000 “ |
| Barley..... | 15,000,000 “ |

With two years' increase of settlement this is not a good showing, but it is too slight a falling off to distress anyone living in the West. The average yield per acre is, of course, low : wheat 14 bushels, oats 33 and barley 25. About half of the wheat will grade as fit for milling—No. 4 or better. Oats suffered more from frost than wheat, and about two-thirds of the crop is of the lower grades.

After a winter of severity, greater than had been known for a quarter of a century, the farmers succeeded,



CROSSFIELD, ALTA.

although a month later than for many years, in sowing an acreage as large as that of 1906. The growing season in Saskatchewan and Alberta was all that could be desired, but in southern Manitoba the rainfall was quite insufficient; so that, barring frost, it seemed as if the two western Provinces would show excellent results and Manitoba would disappoint us. But frost came to the late-sown crops and did an amount of damage hardly recognized at the time, so that in the end Manitoba, where conditions had improved, and southern Alberta produced the best crops both in quality and quantity.

Apart from the peculiarities of the crop of 1907, the difficulties of marketing the crop have been so pronounced and have caused so much discussion in the newspapers, that it may be well to refer frankly to some of them. The farmers blame the grain dealers as to price, both farmers and dealers blame the railroads as to car supply and for the first time in the history of the North-West the banks have found it difficult, because of the many demands by borrowers, to release the money necessary to carry the grain to market. One might think from some recent criticisms that these difficulties had never been heard of before, whereas they have accompanied the marketing of grain and cotton in the United States, from time to time, through the entire history of its settlement. We have been proceeding upon the assumption that the railroads can carry to the point of lake navigation all the grain the farmers choose to market in the few weeks between threshing and the close of lake traffic, and that the banks can not only take care of this but also find the money for the entire balance of the crop as the farmer chooses to sell it during the winter, and await the liquidation of such advances in the late spring or early summer. Now we may as well recognize the fact that when the crop is materially larger both of these things will be impossible, even with an

ordinary money market. The grain and cotton crops of the United States have been moved largely by European credits, in addition to local loans, and this has been a sound system financially, because ultimately sufficient grain or cotton goes forward to Europe to liquidate such credits. Of late years in the United States dealers have been able to move the grain crops without much outside assistance, but not the cotton crop, and this is really because the point of consumption for most of the grain is now at home and not in Europe, while a great part of the cotton crop is still sold in Europe. We are a young country, with little accumulated capital relatively to our wants, and, like the United States of twenty or thirty years ago, we must use the credit of Europe to some extent for our grain carrying, redeeming such obligations as the grain goes forward.

Now, the reason why it has been feasible for the United States to borrow quite readily very large sums of money against grain in store, is because for the last thirty years or more everything possible has been done at such places as Chicago and Minneapolis to assure the lender that he had grain of a certain grade in the hands of a terminal warehouse, the owner or officers of which could have no object and, because of weighing and inspecting supervised by the State, no power to dispose of the grain except in accordance with the State-countersigned receipts. The banking and elevator interests of Winnipeg have been steadily endeavouring to improve the conditions surrounding terminal receipts in Canada, and the system at present in use will give any foreign as well as any domestic banker a most perfect form of security.

Winnipeg holds the second place in America in the volume of grain trading, and everything which can be done to make this great department of our commerce work satisfactorily should have the patient considera-

tion of all concerned. There seems to be little doubt that many of the provisions of the Dominion Act, known as the Manitoba Grain Act, are unsatisfactory to the farmers, the railway companies, the elevator companies and the banks. Designed originally, no doubt, to protect the farmer, it can be so made use of by dishonest people as to cause to others serious delays in transportation and losses in money, and in the final result it must hurt many more farmers than it benefits. So long as it is possible for hundreds of orders for single cars to be placed in the names of people who have actually no grain to ship, it cannot be also possible for the elevator companies to get cars to ship grain with reasonable promptitude, or to place the blame for lack of cars with any precision upon the railroad companies. It seems clear that the Act should be entirely reconsidered and amended before we enter upon another season.

In the cattle business the striking feature, of course, was the very heavy losses on the ranges caused by the severe winter. It will doubtless take two or three years for the stock of cattle, horses and sheep on the ranges to get back to a normal condition. Meantime prices are likely to be good, even though dear money and lack of cars may affect the situation for the moment. The fact that several shipments of Alberta cattle have been made to Chicago *via* Montana with highly satisfactory results, shows the natural widening of the market coincident with the decline in the supply. It is to be hoped that the farmers of the three provinces will now be firmly impressed with the wisdom of breeding cattle, horses, sheep and pigs to an extent not attempted heretofore. Not only does the lessening for the time being of the number of cattle on the ranges seem to assure the farmer of good prices for some time to come, but his experience with his grain crops in 1907 has proved once more that he can get the best value

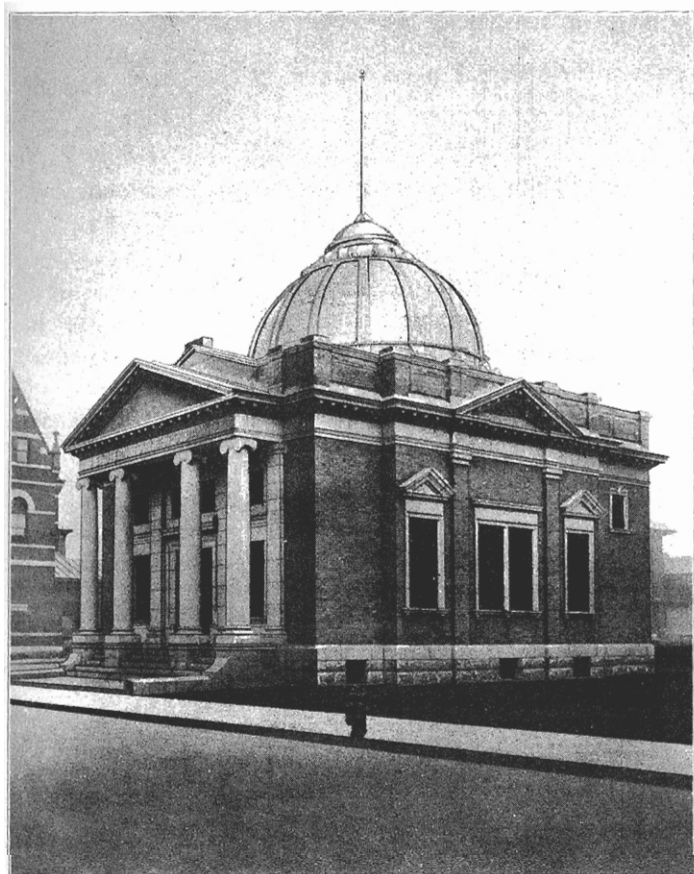
out of damaged wheat and oats, and when prices happen to be low, out of any grain, by feeding it to his own stock. Wherever dairying has been developed this is abundantly clear, and we are glad to know that in many parts, particularly in Alberta, where mixed farming is more general, the farmer is able to use profitably on his own farm all his damaged grain crops.

It would also be well if the farmers of these provinces would consider the value of raising their own poultry. The money paid out by the farmer who grows grain alone, for many of the necessaries of life which he could produce on his own farm, such as butter, eggs, poultry and pork, may seem, when he is prosperous, a small matter; but prosperous or not the loss to his province is very serious, and sooner or later it may be serious to him individually.

So far as the payment of debts is concerned, collections are good or bad in accordance with local crop conditions, but better as a whole than might have been expected.

Naturally these lessened results from agricultural and pastoral work, accompanied by dear money, have caused a curtailment in building of every kind, and this again will, as in the East, result in a much smaller cut of lumber in all districts relying on the Prairie Provinces for their market. This is from several points of view highly desirable. The cost of production was reaching dangerous figures, even though justified by the market prices, and while curtailment of building is as imperatively necessary in Canada as elsewhere in the world if we are to get the money market into an easy condition again, it was inevitable if the high prices of labour and material continued.

While it is not practicable to ascertain how many new settlers entered the Prairie Provinces, the immigration into all Canada for 1907, with the last month or so



COATICOOK, QUE.

estimated, is about 280,000, of which about 210,000 are English-speaking people. This is a large gain over 1906 and whether immigration is now to be checked or not, the settlers of the last few years in the North-West will largely aid the future prosperity of Canada after they get through their first few years of pioneering. Land sales and homestead entries are, of course, somewhat less in number, but the average price for land sold is slightly higher than in 1906, and we must remember that if the opportunity for labour in other fields declines for a time throughout the world, many will, as in similar past experiences, go back to the land. Any decline in homesteading is partly due to the increasing difficulty of getting land near to railroads; indeed, it is surprising how far settlers are willing to go, counting upon the railroad coming to them in the near future. Prospectors are even going into the Peace River country, and before long it will be difficult to avoid opening it up for active settlement.

After several years of abundant crops, we have to record a year in which in several parts of the North-West the farmers' results are quite unsatisfactory, but as a whole the country will receive a very large sum for its products, and the general result to the three provinces will still represent prosperity although on a diminished scale. Expansion for the moment will be checked, extravagance in expenditure, even where there is no actual diminution of income, will be changed to economy, stocks of goods will be lessened instead of persistently increased, and generally we shall have a time of debt paying instead of debt creating.

BRITISH COLUMBIA

The year in British Columbia has been prosperous, and the most prominent industries of the province, while all more or less affected by the stringency in

money, are as full of promise as ever. The lumber business was impeded, first by a great difficulty in obtaining cars, and later by the general check to sales incident to the crop situation and the money market. This will, as elsewhere, largely lessen the cut of logs for the moment; but taking this into consideration, and having regard to the very large requirements which in any event must be supplied, stocks in the yards are not likely to remain excessive, and if the result is to bring down the cost of operations, the check will have been a benefit to the situation as a whole.

In coal mining we see enlargement of output and opening of new areas, not only in the coast and inland districts of British Columbia, but in the Prairie Provinces. For smelting, to operate railway trains, for domestic and power purposes and for export coal is wanted in an increasing quantity, and so long as capital is difficult to obtain it is not likely that production will run ahead of consumption, unless very temporarily.

Copper mining and smelting is now firmly established on a large scale as one of the great industries of the province, yet but a small part of the known area awaiting the advent of capital is being worked. At the recent high prices the business was very profitable, but the sensational drop in price has caused an adjustment of wages, which, because of the large profits, had been upon an unusually high scale. The great underlying fact, however, is that copper can be produced here at a profit even should most of the world's mines have to shut down. The smelting, coal-mining and railroad businesses are intimately connected, and have been growing so fast that they have shown a frequent tendency to get out of line through shortage of cars and coke supply, or strikes and general labour troubles. The volume of smelting should have greatly increased over

1906, but because of lack of coal supply and of cars it remained stationary.

Fruit growing and fruit-tree planting in anticipation of fruit growing a few years hence are making great strides in many parts of British Columbia, and vegetable growing and ordinary agriculture are showing a gratifying increase. The present volume of production is small, the future, however, must be large, and financial success, as we have said before, will depend on reasonably cheap labour.

The year in salmon fishing was bound, under the curious conditions of the Fraser river, to be a lean one, and the number of cases packed fell even slightly below 1903, the year with which it should be compared. In the northern rivers the fishing was very satisfactory and profitable; on the Fraser it was quite the reverse. Some of our packers have gone largely into the halibut business, but freight conditions need some adjustment before we can compete successfully with United States fish companies, who are making large catches under conditions which amount to trespassing on the rights of Canadians. The whole fish industry is of the greatest importance to the province, and it should receive from the Governments concerned the most serious and un-biassed consideration. There are points we need not enter upon here which, if adjusted, would ensure the permanence and growth of these fisheries. In addition to the two kinds of fish mentioned there are numerous others, and with a rapidly enlarging market in the Prairie Provinces it will only need capital, time and experienced management to make this industry one of the most important on the coast, provided always that the Government affords the necessary protection. The value of the total fisheries of Canada for the year 1906 was about \$26,000,000, and while the share of this coming from

the Pacific Coast was not very large there is no reason why, in time, it should not aid in materially increasing the total.

The most noticeable features in the development of the province during the past year have been the extensive purchases of timber-bearing lands, chiefly by Americans, in connection with which very large sums of money have been distributed to previous owners; the increase in the value of land and the rapid settlement for agricultural and fruit growing purposes of the Fraser river country, the Okanagan valley and other parts of the province; the enlargement of the output and the opening of new areas of coal; and the great growth of Vancouver and of many of the towns throughout the province. In population, building operations, bank clearings and custom house returns Vancouver shows an extraordinary growth, even when compared with other Canadian cities. Doubtless it will now submit to some check, in common with other places, and some sign of this is already apparent in the price of city real estate and in the trade outlook, but the future of the city as one of the most important in Canada seems assured.

UNITED STATES

In referring to Washington, Oregon and California, where in the chief city of each state we have a branch, it seems best to deal with the situation first without reference to the financial troubles of the past two or three months. So far as the products of the three states are concerned, another year of great added wealth has been experienced. In some directions results have not been as good as in the previous season, in others better, but as a whole the year has been distinctly prosperous. The only industry in which results have notably changed for the worse is lumber. In all three states there was during the winter of 1906-7 a shortage

of cars, causing almost a paralysis of the lumber trade, and this was followed early in the summer by a distinct falling off in orders, partly due to curtailed building in the East and to advanced freight rates, and partly to an over-supply of lumber in San Francisco. As a consequence prices have fallen sharply, and logging operations will, for the time being, be on a much smaller scale than usual. The price of logs has not fallen proportionately to that of lumber, and the value of stumpage not at all. Timber, as a rule, is in strong hands financially, and as the distance in time from the log to the mill as compared with eastern lumbering is quite short, the trade should rapidly adjust itself to new conditions.

The wheat crop in Washington and Oregon was the largest in the history of these states, and oats, barley and hay were up to and sometimes exceeding the average. Prices have, of course, been high, and the farmers, as the result of several prosperous years, are in excellent shape financially. The yield of hops was quite satisfactory, but prices have been too low to be profitable. The dairy business in Oregon grows rapidly, and the wool clip of California and Oregon was over 40,000,000 pounds.

In the fruit trade California has had an excellent year, the income from dried, canned and citrus fruits being \$70,000,000 to \$75,000,000. The Oregon fruit crop was considerably larger than for 1906, and Washington is also likely soon to rank as an important fruit-growing state. The Hawaiian sugar crop, handled to a considerable extent through San Francisco, was the largest in the history of the islands, although not much larger than the crops of 1905 and 1906. The total yield was 440,000 tons, while California produced beet-root sugar to the extent of 72,000 tons. The production in California of dry and sweet wines was larger than for the previous year—in all about 70,000,000

gallons. The yield in petroleum was 40,000,000 barrels, against 36,000,000 for the previous year, and the price has been so much higher that some of the large users of power are going back to coal.

The total product from the soil and the mine in California for 1907 was about \$360,000,000, a very large part of which is exported, so that, with a population of about one and a half millions, the state is assured of continued prosperity under almost any circumstances.

The catch of salmon, as in Canada, has been disappointing, but with a fair run of lower grades, which have not always been saleable in the past, but are easily saleable now. This year stocks are so low and prices so high that sales have been readily made, and the year has been fairly profitable. There is need in the United States as well as in Canada for strong and intelligent action by Government in order to save this great industry. If we have a few more years of the present reckless disregard of the future, we may lose forever a great source of wealth, which should be available for all time.

Notwithstanding a moderate falling off in the northern trade from Seattle and the sharp check in the lumber business at San Francisco, the shipping trade, both coast-wise and trans-Pacific, has been profitable and large in volume.

The income derived by these three states for several years past from their great crops of natural products, and in some parts from mines and from the trade with Alaska and the Yukon, has made them unusually rich, and conditions have been so entirely different from earlier periods of expansion that they felt, perhaps, too self-reliant regarding the expansion which was undoubtedly going on in all towns and cities. Apart from the peculiar conditions of San Francisco, it doubtless seemed to them that the improvements, public and

private, being made in every direction were quite warranted by their prosperity. That they should be involved, like every other part of the country, in the financial troubles starting in New York in October was inevitable, but it seems reasonable to argue that the check to their prosperity cannot last very long, unless nature fails to be as bountiful as in recent years. The check to building operations was as necessary here as elsewhere, having regard to the money markets of the world; and against the temporary decline in the volume of some trades there must be set the more wholesome range of prices and scale of expenditure generally, which we hope will be on a somewhat lower basis for many years to come.

Taking the United States as a whole, another great crop of cotton has been raised and is being sold at good prices, and while the grain crops of 1907 were slightly less than those of either 1905 or 1906, the result with the higher price is considerably greater to the farmer, so that the agricultural basis of the country has been well sustained. During the winter of 1906-7 the money markets of the United States had, however, repeatedly reflected the fact that the expansion in building, in trade volume and in prices, common to so many different countries, had outrun the world's supply of money, and in March a short stock exchange panic gave special emphasis to this condition. It became evident that the plans of great railroad systems, involving very large expenditures of money, could not readily be carried out; money became perceptibly dearer for long loans, and ordinary building operations were somewhat checked. Sober financial journals suggested that we were approaching a crisis, but during the summer much was forgotten. However, during the week beginning 21st October a decidedly critical situation arose in New York, due largely to the acts of some of the larger Trust companies,

which had apparently forgotten the principles on which such institutions should be based. The failure of one of the largest of these companies, and runs upon several others, created panicky conditions in New York, and this state of feeling rapidly spread throughout the country, causing timid individual depositors to withdraw money and lock it up, and, a still more serious matter, causing country banks to attempt to build up reserves, in some cases needlessly large, by drawing their balances from the reserve cities. Under the banking system of the United States, because of an inelastic currency, but quite as much because of the laws regarding reserves and the peculiar system under which they can only be used for the very purpose for which they are held at the expense of breaking the letter of the law and thereby creating a panic, the effect of this hoarding of currency was to paralyze business and cause on the one hand a premium on currency for a short time as high as $3\frac{1}{2}$ per cent., and on the other the creation of a temporary currency, illegal but eminently sensible, in order to enable the business of the country to go on. At the same time gold was imported from Europe to the extent of over \$100,000,000, and while this was an extraordinary evidence of ability to apply heroic remedies to the situation, the very fact that it was necessary and possible to obtain this very large sum from Europe naturally alarmed the money markets there, because it was a concrete example of the violent and enormous forces which American trade and finance can exercise upon Europe when the pendulum has been allowed to swing too far in one direction. The situation is now steadily improving, the gold importations and the premium on currency, have stopped and the reserves of banks are being brought back to the legal requirements. How far the enormous fall in the price of copper, and the more moderate fall in other metals and in lumber, will be followed by a general fall in the price of all com-

modities, it is too early to estimate. But as the wages of labour are being reduced and large numbers have been thrown out of employment, we must expect a moderate readjustment of prices. Food stuffs do not, however, because of another series of factors, show any tendency to decline in price.

The hope has been confidently expressed on many occasions since 1893 that the United States would bring about reforms in its currency and banking systems. Partly because the situation is full of difficulties not present in most countries nothing of a decisive nature has yet been accomplished, but the demand for reform from the public throughout the United States is more persistent than ever before, and we cannot doubt that with the recent experience sharply in mind steps will now actually be taken to remedy the defects referred to. It is well for all of us residing outside the United States not to forget that while stringency in money was inevitable owing to expansion, the extraordinary features which differentiate the monetary troubles of the United States from those of other countries are due almost entirely to their peculiar banking and treasury systems. In Canada we have an enforced revision of the Bank Act every ten years, and it is well to bear in mind that we are approaching the time when the discussion connected therewith usually takes place.

The situation bears little relation to that following the troubles of 1893, either as to currency conditions and standards, crop conditions, or volume of manufactured goods relatively to the demand, and, provided the usual crops are harvested next year, a very full measure of industrial activity should prevail throughout North America. The marketing of the actual products of the field, forest and mine of itself requires that large additions should be made to railroad equipment and that other building operations should be carried out, and if the world

generally can be induced on the one hand to exercise its power of saving to a greater degree, and on the other to moderate somewhat the pace of its industrial expansion, especially as regards the fixing of capital in betterments of all kinds, we need not fear for the prosperity of the farmer throughout North America or that our workshops will be idle to an extent which should interfere with a sound and reasonable prosperity.

The resolution for the adoption of the Report was then carried unanimously.

The Chairman : I have now to submit a resolution regarding a by-law authorizing an increase of the capital stock of the Bank. In asking you to pass this resolution we do not wish to convey the impression that at the present time we have any intention of issuing new stock. We merely desire to be prepared, so that in the event of our business making it at any time clear that it would be wise to issue any part of the sum we now ask you to authorize, we shall not be subject to the delay incident to calling a special meeting of the shareholders. The by-law reads as follows :

“WHEREAS the capital stock of The Canadian Bank of Commerce is now Ten Million Dollars, and it is expedient that the same should be increased by Five Million Dollars, be it therefore enacted as a by-law by the shareholders of The Canadian Bank of Commerce assembled at an annual general meeting held in the Board Room of The Canadian Bank of Commerce, at the corner of King and Jordan Streets, Toronto, on Tuesday, the fourteenth day of January, 1908, that the capital stock of The Canadian Bank of Commerce be and the same is hereby increased by the sum of Five Million Dollars, divided into one hundred thousand shares of Fifty Dollars each.”

I will now move, seconded by Senator Cox, that the

said by-law of The Canadian Bank of Commerce read to the meeting by the President be passed by the shareholders, and that the same be executed under the Corporate Seal of the Bank, countersigned by the President or Vice-President and the General Manager.

Senator Cox : I have pleasure in seconding the resolution which has been moved by the President.

Mr. W. Cassels : I have great pleasure 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. I think the shareholders are greatly to be congratulated that during these troublous times they have a Board composed of men of such high standing. I think they are also to be congratulated on having the General Manager restored to health. They have another asset which is not carried into this balance sheet, but one of very considerable moment, namely, the universal and general courtesy which, from the President down to the lowest clerk, is extended to anybody who has occasion to do business with this Bank.

Mr. William Davidson : I have much pleasure in seconding this resolution. There are two things which shareholders look for: the first is security, the next thing is a return upon their investment. In reading the statement which has been presented to-day there is no person but must be convinced that they have the first. As to the second, bearing in mind the security, the return upon the investment is ample. Another feature about the proceedings to-day which must be very reassuring to the shareholders is the very wide and exhaustive statement which has been presented to us by the President. A Bank like The Canadian Bank of Commerce, having branches not only in every part of this country but in other parts of the world, is necessarily interested in knowing and understanding the commercial relations

and the business possibilities of the countries in which it does business, and the address of Mr. Walker shows an amount of research and intelligent appreciation of all the financial business of the world that must redound very largely to the success of The Canadian Bank of Commerce.

The Chairman : On behalf of my co-Directors, I have to thank you very much indeed for the resolution. It has been, as you can realize, a more difficult year than usual, and I am sorry that the report I have read is not as rosy as in many past years, but we have always tried, in stating the business conditions in Canada, to be frank with you, and what we say will be convincing in proportion as we have been frank in our statements.

Mr. Kilgour : I have much pleasure in moving the following resolution : That the thanks of the meeting be tendered to the General Manager, the Superintendent of Branches and other officers of the Bank for the satisfactory manner in which they have discharged the duties of their several offices during the past twelve months.

In moving this resolution we have before us the magnificent statement presented to-day, which is all the more gratifying when we consider the exceedingly trying financial conditions which we have had, requiring on the part of our executive officers and the entire staff more than ordinary vigilance and care; and, on behalf of the Board and shareholders, I wish to express to them our warm appreciation of the ability and prudence which has characterized their administration.

It also affords me much pleasure to express to Mr. Laird, our esteemed General Manager, our great gratification in having him restored to us in health, as we realize that his illness was largely due to his zealous, faithful efforts in the interests of the Bank.

I desire to mention with sincere regret the great loss the Bank has sustained in the removal by death of Mr.

Mathewson, the late Manager of the Montreal Branch. Mr. Mathewson began his business career in 1870 as junior in Montreal, and served the Bank in various capacities until 1882, when he retired to accept the position of Manager of the Bank of Ottawa at Winnipeg. Subsequently, however, he returned to the Bank of Commerce as Manager at Winnipeg, and from there was transferred in 1899 to Montreal, where he remained until the time of his death in November last. Mr. Mathewson's position will be difficult to fill. As a citizen of Montreal he was identified with many of the city's commercial interests. He was highly esteemed by members of the business community, and was eminently qualified to take an important place in all that concerned the financial and commercial interests of that city.

Mr. Crathern : I have pleasure in seconding the resolution that has just been moved by the Vice-President, and in the first place, on behalf of the shareholders of the Bank as well as the Directors, I would tender our most sincere congratulations to our General Manager, Mr. Laird, on his restoration to health and strength.

In regard to Mr. Mathewson, we in Montreal feel that we have suffered a very great loss. By the customers of the Bank he was very highly respected and esteemed. In 1906 he was elected by acclamation as President of the Montreal Board of Trade, the first banker that had been elected to that position, and I can safely say that no gentleman ever retired from the position carrying with him the sympathy and admiration of the Board of Trade more than did Mr. Mathewson.

The General Manager : On behalf of the staff I thank you very kindly for the way in which you have received this resolution. It is a spur to do even better than we have been able to do in the past. I also thank you for the very courteous and gracious way in which you have referred to me. I believe we have a staff that is second

to none in banking in Canada, and it gives me very great satisfaction to acknowledge the kindness and consideration and the help that all the officers, from the highest to the lowest, have given me during the past year.

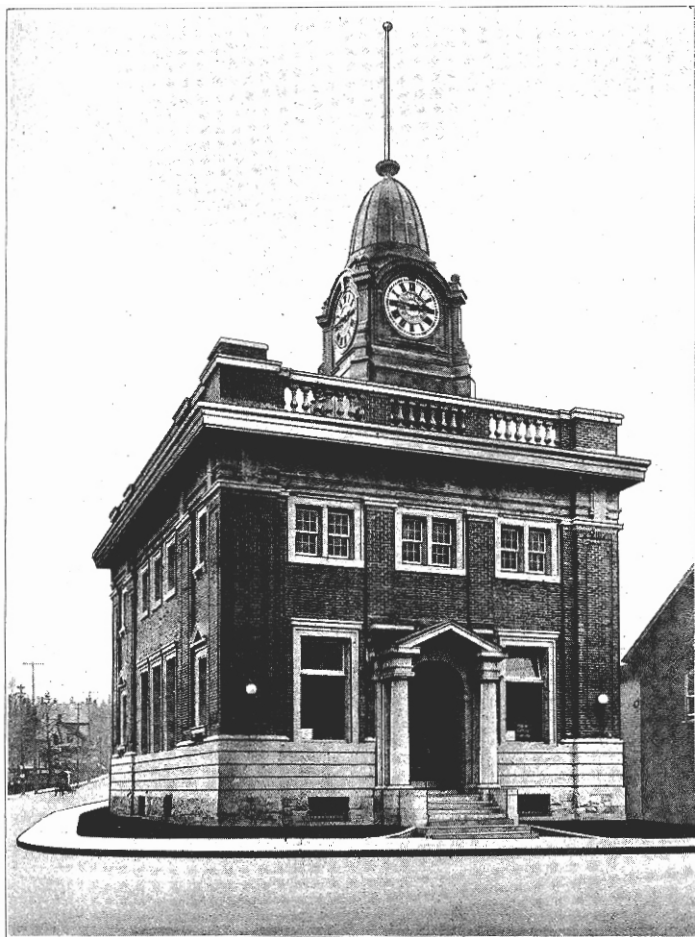
It was then moved by Dr. Hoskin, seconded by Mr. E. R. Wood :

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 two 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 was then adjourned until 2 p.m., when the scrutineers reported that the by-law increasing the capital stock of the Bank had been carried unanimously, and that the following gentlemen had been elected as Directors for the ensuing year :

B. E. Walker, Robert Kilgour, Hon. Geo. A. Cox, Matthew Leggat, James Crathern, John Hoskin, K.C., LL.D., J. W. Flavelle, A. Kingman, Hon. L. Melvin Jones, Frederic Nicholls, H. D. Warren, Hon. W. C. Edwards, Z. A. Lash, K.C., E. R. Wood.

At a meeting of the newly elected Board of Directors, held subsequently, Mr. B. E. Walker was elected President, and Mr. Robert Kilgour, Vice-President.



DANVILLE, QUE.



