

per cent. which is to be contributed by the different banks, with the possibility of one per cent. afterwards in any one year, for the purpose of guaranteeing the solvency of the note issues, and of making them current at par the Dominion over. While they will do so, I do still hold to the opinion I have had throughout, that the true system of banking for this country would be very much that which has worked so well on the other side of the line, that is that each bank should guarantee its own circulation. However, we have the Act now for the next ten years, and we must endeavor to make the best of it.

The statement refers to the new building that has been erected in the upper part of the town. Business is progressing there, and it is, so far as it has gone, very satisfactory, and the branch is found to be a very great convenience for the people of that locality. Now, looking generally at the affairs of the bank, and taking a retrospect, going back to 1818, when this bank was founded, we find that in that year it had a capital of £87,500 currency, or \$350,000. Till 1829 it did not get beyond £187,000, or \$178,000. From 1831 to 1837 it was £250,000, or \$1,000,000, and in 1855 it had assumed the proportions of £1,000,000 or \$4,000,000. In 1870 it had gone up to \$6,000,000, and the last advance was made in 1873, when it went up to \$12,000,000, at which it now stands. Now, I think that in glancing lightly and rapidly at the great changes which have taken place since 1818—seventy-two years—we cannot fail to recognize the vast progress of this country during that period of time. Who would have thought that with the small beginnings of this bank, it could have attained to the proportions and to the influence it possesses to-day. I think that each and every other bank in the Dominion will readily admit that it is a great support to them that the Bank of Montreal is in the position it now holds. At the time I speak of not only was there not the rapid communication with Europe which we have to-day, but there was no steam communication whatsoever. Instead of crossing, as we now do, in six or seven days, it took as many weeks, and, consequently, commerce had not anything of the advantages that we now have in communicating with Europe and with other parts of the world. I am reminded since I came to this meeting that it is a very few years ago indeed, certainly not so far back as 1818, nor one-half of that period, that no one in his wildest dream would have thought we were ever to have communication across this continent with Japan, with China, and with India, and what has been effected in these directions will with equal certainty be accomplished direct with Australia and the other southern colonies. We have in this city to-day His Royal Highness the Duke of Connaught and his consort. They have come, not from England in the old way, across the Atlantic, but from India, by way of China and Japan, on to Vancouver, then crossing the continent to Montreal, so fulfilling the dream of those who, centuries ago, came here hoping to find a route to China through Canada.

This bank, as it happens, was established in the same year as that in which Our Gracious Queen was born, and now, seventy-two years afterwards, we have two members of the Royal family coming here, as it happens, on this, our annual meeting day. I hope we may accept this as a good omen. Their journey is made without pomp, without ostentation, and without any of the accessories of a royal progress. It is made for the purpose of gaining a knowledge of the country, of knowing what this portion of the British Empire is like, so that that knowledge may be given authoritatively in England and in Europe, as it will be given with very great force and with very great influence. I think we may look upon this as an excellent thing for Canada, apart from our satisfaction at having amongst us members of the Royal family.

Your directors will, no doubt, as in the past, give their best and most earnest attention to the business of your bank, and while they may not prophecy or be too certain of what is in store for you in the years to come, they will, I am confident, from time to time consider with the greatest care what may be essential to maintain the bank in that high position to which it has attained, and do their utmost in every way to give to the shareholders the best return possible, while not infringing upon the Capital or Rest, I need add nothing further, and, indeed, I have said more than I

intended when I got up to speak. I will now simply ask the general manager to give such statement as he has prepared.

#### THE GENERAL MANAGER'S ADDRESS.

The general manager said:—You will notice in the report laid before you that there is a large falling off since last year in the amount of deposits, both free and interest bearing. The deposits bearing interest have been reduced from \$18,843,931 to \$14,434,414, a reduction of \$4,409,517; of this \$3,700,000 was a special deposit from the Dominion Government. The free deposits have diminished from \$8,240,000 to \$6,700,000, a reduction of \$1,540,000; of this \$800,000 was Government money. To meet these large withdrawals of nearly \$6,000,000, and to provide for the purchase of \$1,300,000 of securities, which we hold in England as a reserve, we have been obliged to draw to a large extent on our funds in the United States. From that source we have taken some \$6,800,000. We have been taxed on several occasions with want of consideration for Canadian interests in employing funds to such an extent out of Canada. The above will illustrate, better than anything else, the great importance, not only to the bank, but also to the Dominion, and, indeed, the absolute necessity of keeping a considerable amount of money in a shape in which it can at once be made available. Had the money been employed in Canada, we should, to meet the heavy demands upon us, have been obliged to contract our loans and cramp our commercial customers, at a time when it has been almost imperative to assist them with a liberal hand.

It is hardly necessary to state, what all business people must know, that the past year has been an exceptionally trying one both to the farming and the commercial community. The opening of last spring gave bright promises, but the autumn brought no fulfilment. With the exception of the Lower Provinces the harvest was a great disappointment, collections were necessarily poor (particularly in the North-West), small failures were numerous, many of our customers made heavy losses, and it was necessary to renew large amounts of paper. It was, therefore, impossible to reduce our commercial loans without causing great inconvenience, and most likely doing serious injury to those dependent on us. We have, however, been able to give all the assistance necessary to meet any reasonable demands, without unduly cramping our customers.

We have thought it judicious to purchase a number of bonds, referred to in the statement, which are held at our London office, as a reserve to be used only in case of necessity. They return a low rate of interest on the investment, but are all of the highest class, and could be made available at a minute's notice. The necessity is only likely to arise in the event of a state of affairs in Canada when it would be difficult or injudicious to either borrow on, or sell, any class of security. As you know, the market in Canada is limited, and it would be difficult for any bank to finance a large amount on short notice. What would be difficult for another bank would be an impossibility for the Bank of Montreal.

There is no other point of special importance in the statement.

#### THE BANKING ACT.

During the last session a new Banking Act has received the assent of Parliament, and will go into operation on the expiration of the existing one in July, 1891. The chief features of the new Act are the additional security given to the circulation, and the obligation on the banks to publish the unclaimed balances. With regard to the former, it will not be news to many of our shareholders to state that it does not meet our entire approval. The Bank of Montreal have always recognised the right of the Government to demand, in exchange for almost the only privilege conceded to the banks, of issuing the currency of the country, the proper security of that currency, and this bank has always been prepared to secure its own issues to the fullest extent; but we objected to be called on to assist in contributing to the security of the currency of other banks over whose actions we have no control. The present scheme, as I dare say you know, involves a contribution of 5 per cent. from each bank to a general fund, which will be applied to the redemption of the circulation of any insolvent bank. In the event of the assets of the insolvent bank not realising sufficient to pay its circulation and restore the fund to the original

amount of 5 per cent. on the total circulation of the Dominion, the banks will be called on to contribute again; but in no case are they to be taxed for more than 1 per cent. on their circulation in each year. Though not approving, we agreed to this, as a compromise on the original scheme proposed by the Government, which might have involved us, under certain circumstances, in a liability limited only by the total bank circulation of the Dominion, and our ability to pay.

With regard to the obligation to publish the balances unclaimed for five years, the only thing to be said is that it will involve a great deal of clerical labor, resulting in little or no benefit to anyone, with the possibility of doing harm and injustice in certain cases.

Aside from these two points, one of which is entirely personal to the Bank of Montreal, for we stood alone in our protest against it, and the other a matter of trifling import, the Finance Minister is to be congratulated on giving to the country an Act which will be hailed as a great advance and improvement on any previous banking legislation, and will undoubtedly give satisfaction to all those who come under its operation.

Having mentioned the other changes in the Banking Act, Mr. Buchanan went on to say:—It is not my intention to trespass on your time by giving a general trade review for the past year. That has been, and probably will be, done by others, nor shall I attempt to prophesy as to the future. The mercantile community know that, owing to the failure of the harvest, payments have been bad, business poor, and small failures numerous.

It is to be hoped better things are in store for us this year; otherwise the consequences will almost assuredly be serious.

The president then moved the adoption of the report, seconded by Hon. Senator Drummond.

After a few remarks from Mr. John Morrison and Mr. John Crawford, the motion to adopt the report was carried unanimously.

Mr. J. H. R. Molson moved that the thanks of the meeting be presented to the president, the vice-president, and directors for their attention to the interests of the bank.

Mr. James O'Brien seconded the resolution, which was carried unanimously.

The President—I thank you very sincerely for my colleagues and myself for the confidence you have placed in us. I would wish to say again that your directors, some of them, as I have mentioned, my honorable friend, the vice-president, and my honorable friend, the Hon. Mr. Abbott, have been working in the interests of the bank with regard to the charter for the next year, but all of us have endeavored to do our best in your interest, and I have no doubt that such board of directors as you may be pleased to elect will continue to advance the interests of the bank to the utmost of their ability. I thank you, gentlemen.

Mr. Gilbert Scott, in moving thanks to the general manager, the inspector, the managers, and other officers of the bank, for their services during the past year, said:—It is not necessary for me to say anything regarding these gentlemen, because their duties have been performed, under all circumstances, as well as they possibly could be.

Mr. A. T. Paterson seconded the motion, which was unanimously adopted, and Mr. W. J. Buchanan, the general manager, briefly returned thanks.

Mr. Hector Mackenzie moved, seconded by Mr. Wm. Herring, of Quebec, that a ballot be opened for the election of directors. Carried.

On motion of Mr. John Morrison, Mr. John Crawford took the chair, when the former gentleman moved a vote of thanks to the president for his conduct of the business of this meeting.

The motion having been carried, Sir Donald Smith briefly acknowledged the compliment paid him.

A formal adjournment then took place.

The scrutineers reported the following gentlemen as duly elected directors: Hon. J.J.C. Abbott, Hon. Geo. A. Drummond, E. B. Green-shields, Hugh McLennan, W. C. McDonald, A.T. Paterson, Sir Donald A. Smith, K.C.M.G., Gilbert Scott, Charles S. Watson.

—Count Herbert Bismarck thinks that if America would protect German copyrights on books, that country might admit American pork. Well, that's only reciprocity in products of the pen.—Pittsburgh Chronicle Telegraph.