THE MERCHANTS BANK.

The Annual General Meeting of Shareholders.

Mr. George Hague Presents an Exhaustive Report of the Financial and Commercial Situation of the Dominion.

The annual general meeting of the shareholders of the Merchants Bank of Canada was held in the board room of that institution yesterday afternoon, when there were present: Messrs. Andrew Allan, president; Robert Anderson, vice-president; Hector Mackenzie, Jonathan Hodgson, James P. Dawes, F. S. Lyman, John Crawford, W. Burke, J.H. R. Molson, W. B. Francis, A.H. Lunn, J. Y. Gilmour, Robt. Benny, J. S. Meredith, I. H. Montgomerie (St. Johns), James Croil, John Morrison, David Lewis, John Cassils, Timothy H. Dunn (Quebec), Sir Joseph Hickson, J. T. Molson, E. F. King, John McConnell, Jas. Williamson, C. S. Garland, J. P. Cleghorn, Richard White, A. Leclaire, Jas. B. Allan, and others.

The proceedings were opened by the president, Mr. Andrew Allan, taking the chair and requesting Mr. John Gault to act as secretary. After the secretary had read the advertisement calling the meeting, the president submitted the following annual report of the directors:

THE DIRECTORS' REPORT.

The directors of the Merchants Bank of Canada beg to report to the stockholders the result of the business of the past year:—

The net profits of the year after payment of interest and charges, and deducting appropriations for bad and doubtful debts, have amounted to	$530,247 17
Balance from last year	4,430 11
	$534,677 28
This has been disposed of as follows:—	
Dividends Nos. 46 and 47, 7 per cent	$405,944 00
Added to the "Rest"	125,000 00
Carried forward to profit and loss account of next year	3,733 28
	$534,677 28

The business of the bank has made steady progress in all its leading departments during the past year.

The actual earnings of the bank were not quite equal to those of last year, although a larger business has been done, a state of things which the directors believe to have been common.

During the year, the failures amongst the circle of the bank's customers have not been numerous, nor, with one exception, important, and in several cases the securities held were sufficient to liquidate the whole debt. The exception was in New York, where the head of a large firm obtained an advance on forged bills of lading.

The person who committed this fraud was of high character and reputation, whose firm had done an extensive business, with an honorable record, for more than twelve years back. The firm have gone into insolvency, and the claim of the bank against them is undisputed. The recovery is expected to be made, but the greater part of the debt has been written off, out of the present year's profits.

But for this untoward event, the net result would have been better than the average of the last few years.

Certain doubtful debts of former years, provided for in the contingent fund, have now been charged against that fund, leaving a balance therein of $75,800 to meet the estimated contingency in the remaining doubtful debts of the bank.

The board have had reason to deplore the death of a much esteemed colleague, Mr. John Duncan, whose large experience was always used to the advantage of the bank.

The vacancy has been filled by the election of Sir Joseph Hickson, a gentleman so well known in Canada that it is not necessary to speak of his qualification for the post.

As requested by the shareholders last year, the board have considered the question of either increasing the capital to six millions or decreasing it to five millions. They were much inclined to take the latter alternative, as there would be many advantages in that course. But the difficulty of dealing with a capital of such a broken sum as $5,799,200 was so great, that although no more capital is needed, the directors concluded for convenience sake to increase the stock to the round sum of six millions, by allotment according to section 27 of the Banking Act, at a premium of 45 per cent. The matter will be explained in all its bearings by the general manager.

The officers of the bank have discharged their duties during the year with zeal and efficiency, and to the satisfaction of the directors.

The whole respectfully submitted.

(Signed) ANDREW ALLAN, President.

Montreal, June 10th, 1892.

Statement of assets and liabilities at 31st May, 1892:—

LIABILITIES.

		Last year.
1.—To the public.		
Notes in circulation	$ 2,737,797 00	$ 2,591,414 00
Deposits not bearing interest	2,522,246 80	2,515,177 10
Deposits bearing interest	7,510,756 15	6,743,737 93
Interest due thereon to date	82,216 15	83,479 36
Balances due to Canadian banks keeping deposit accounts with this bank	720,057 10	611,702 41
Balances due to Canadian banks in daily exchanges	27,666 68	18,254 32
Balances due Agents in Great Britain	354,789 87	123,456 52
Dividend No. 47	202,972 00	202,972 00
Dividends unclaimed	1,648 50	2,945 05
	$13,943,188 34	$12,993,117 76
2.—To the stockholders.		
Capital paid up	5,799,200 00	5,799,200 00
Rest	2,625,000 00	2,500,000 00
Contingent account	75,800 00	143,360 00
Balance of profit and loss account carried to next year	3,733 28	4,430 11
	$22,456,921 62	$21,450,107 87

ASSETS.

Gold and silver coin on demand	$ 305,558 09	$ 342,156 62
Dominion notes on hand	553,481 00	628,039 00
Balances and checks on other Canadian banks	601,261 34	540,836 17
Balance due by other Canadian banks in account and daily exchange	76,246 58	99,533 12
Balances due by banks and agents in the United States	631,704 49	1,164,391 85
Dominion Government bonds	769,931 06	868,967 33
Railway and municipal debentures	127,300 00	112,650 00
Call and short loans on bonds and stocks	1,698,636 61	1,699,403 00
Total available assets	$ 4,764,169 17	$ 4,855,977 00
Time loans and bonds and stocks	121,181 23	80,703 85
Other loans and discounts	15,518,175 43	15,500,622 16
Loans and discounts overdue (loss provided for)	127,238 71	184,299 71
Deposits with Dominion Government for security of note circulation	70,000 00	
Mortgages, bonds and other securities, the property of the bank	122,746 11	122,371 41
Real estate	203,977 74	181,754 25
Bank premises and furniture	508,173 28	494,873 23
Other assets	21,259 95	29,501 12
	$22,456,921 62	$21,450,107 87

(Signed) G. HAGUE, General Manager.

The president then moved, seconded by the vice-president, Mr. Robert Anderson, "that the report of the directors as submitted be and the same is hereby adopted and ordered to be printed for distribution amongst the stockholders." But before putting the motion to the meeting Mr. Andrew Allan called upon the general manager, Mr. George Hague, for a few remarks upon the financial outlook.

GENERAL MANAGER'S ADDRESS.

I desire to say a few words in the first place respecting our own business and various matters appertaining to it, and then to take a brief outlook over the business of the country generally. The latter, you will understand, is just as pertinent to the bank's annual meeting as the former, as has been pointed out more than once in this room.

The figures of our balance sheet will show that there has been a steady advance in all the leading departments of the bank's business during the year.

Our circulation is more by $140,000, our deposits by $590,000, and our discounts and investments by $983,000, all of which is satisfactory, as showing that the directors and officers of the bank in these times of keen competition have been reasonably enterprising. Not that we have adopted a pushing and driving policy, for that is never prudent in banking. Nor have we resorted to illegitimate methods. We have endeavored to conduct our business on the solid and honorable lines of banking tradition as understood in the great centres of banking in the world. Experience has proved these to be the most advantageous in the long run. The bank has endeavored so to deal with its customers that they will remain with us, and recommend us to others for business-like treatment. I think the following figures will justify the policy:—

Our deposits in 1880 were	$7,295,000
" " 1885 "	8,574,000
" " 1889 "	9,310,000
" " 1892 "	10,564,000
Our circulation in 1880 was	2,127,000
" " 1890 "	2,553,000
" " 1892 "	2,731,000
Our discounts and advances in 1880	10,822,000
" " " 1890	16,348,000
" " " 1892	16,765,000
Our total earning power in 1880 was	12,861,000
" " " 1890 "	18,478,000
" " " 1892 "	20,117,000

In view of this statement you may naturally ask why have our net earnings not increased as steadily as the earning power, and especially why do we show such small earnings this year? To the first I reply that in banking as in other lines of business, along with an increasing volume of business, there has been a decreasing ratio of net profit on the business done.

With regard to the present year, the meagre showing, so much below the average, is wholly due to the misfortune which happened us in New York. Respecting this I can only say that there are some events that can never be foreseen nor guarded against. When a member of one of the best families of the United States, the head of a firm who have maintained an unblemished reputation during a long business career, every engagement being honorably met—when the head of such a firm descends to the crime of forgery, the event can only be compared to "thunder out of a clear sky." Almost every bank, however, has had an experience of this kind, the Bank of England itself not having escaped. But for this we should have had to present a better statement than the average. For though the year has been marked by many vicissitudes, there have been few failures in our circle of customers, and the ordinary run of losses has been smaller than usual. The bank for years back has admittedly pursued a cautious policy in selecting customers and granting credits. One feature of this policy was, while affording every reasonable support to our customers, to prudently restrain any appearance of overtrading or illegitimate crediting, on their part. As a natural consequence of this the large majority of our customers have conducted their business so as to meet their engagements. And if some persons during the course of years have fretted under these reasonable restraints and removed their accounts we have rarely had reason to regret our action in the long run.

THE CAPITAL STOCK.

As you have heard from the report the directors have followed the resolution of last year with regard to the capital stock of the bank, and acted upon the alternative of increasing the same to the round figure of six millions. Not that we needed more capital, for we do not. In fact, if the alternative course had been more simple and feasible they might have adopted it, and recommended a readjustment of the stock on a basis of five millions. But with the capital standing at such a broken sum as $5,799,200 it would have been a very complicated operation to adjust the stock on this reduced basis. There would, however, be many advantages both to the bank as a corporation and to the stockholders individually in having a capital of five millions instead of six, and transfering the balance to rest and surplus profits. In this connection I beg to quote from a report made to the board on the subject, as follows:—

"With regard to the reduction of the stock to five million dollars, there would be many advantages in such a course, but it might be difficult to attain them. If the stock were reduced to that sum, the surplus being credited to the rest account (or part of it to surplus profits), the bank would immediately be in the position of having a "rest" equal to one-half of its capital, with a surplus fund in addition of several hundred thousand dollars. As the earning power of the bank would not be diminished, dividends of 10 per cent. could at once be declared. These dividends would give the stockholders a larger income from their stock than they obtain at present, or than they would obtain if the dividend were increased to 8 per cent. And the large surplus over and above an ample rest would assure that this rate of dividend could be maintained; all which could not fail to enhance the price of the stock, and give it a selling value of over $200. The quotation would almost certainly range nearly equal to the stock of the Bank of Montreal or the Bank of Toronto.

"Thus not only would the income of the shareholders be larger than it is now, or likely to be for some time to come, but the stock itself, or any portion thereof would be worth considerably more than it is at present."

Further consideration only confirms me in the wisdom of the above recommendations. The truth is the banks of Canada, having a capital of more than four millions, are at a disadvntage as compared with those of other countries, in the small amount of business we do on our capital, and the consequent small percentage we can divide amongst our stockholders. Compare, for example, the following banks of Great Britain and Australia with our own and other large Canadian banks:—

	Capital.	Deposits.	Dividend. per cent.
Bank of Commerce	$ 6,000,000	$17,000,000	7
Merchants' Bank of Canada	5,799,200	10,644,000	7
Bank of B.N. America	4,867,000	9,094,000	7½
Some banks of Scotland:—			
Clydesdale	$ 5,000,000	$44,290,000	10
National	5,000,000	68,500,000	13
Union	5,900,000	55,185,300	11
Some banks of London compared with the Bank of Montreal:—			
Bank of Montreal	$12,000,000	$25,900,000	10
London & Westminster	14,030,000	130,315,000	13
National Provincial	12,085,000	193,000,000	*20
Joint Stock	9,000,000	57,175,000	12½
Union	8,525,000	67,500,000	12½
Some banks of Australia:—			
Commercial Bank, Sydney	$ 3,000,000	$53,000,000	25
Commercial of Australia	6,000,000	52,500,000	17½
Bank of N.S. Wales	6,250,000	93,190,000	*17½

* Dividend and bonus.

Such instances might be multiplied. In all the above cases the amount of deposits is a fair index to the general volume of business. I am convinced that for the business this bank is likely to command, either now or in the future, $5,000,000 is an amply sufficient capital, while one can hardly overestimate the importance of guarding the capital against all future contingencies by a "rest" of large amount, with a fund of accumulated profits beyond it, to secure equalisation of dividends.

Meantime, in our own case, the change of the capital from the broken figure of $5,799,200 to $6,000,000 will facilitate a readjustment, should it be deemed advisable at some future day.

BANKERS' ASSOCIATION.

The past year has been signalised by the putting into operation of the Bankers' Association of Canada. The importance of some such association was impressed upon leading bankers when conferring together in 1890 respecting a renewal of the bank charters, and after considerable difficulty, owing to the extent of the Dominion and the diverse interests represented by various localities, a constitution was finally arranged and officers elected. The objects of the association, as stated in this constitution, are as follows:—

"To carefully watch proposed legislation and decisions of the courts in matters relating to banking, and to take action thereon; also to take such action as may be deemed advisable in protecting the interests of the contributories to the bank circulation redemption fund, and all matters affecting the interests of the chartered banks.

"It shall also be competent for the association to promote the efficiency of bank officers by arranging courses of lectures on commercial law and banking, by discussions on banking questions, by competitive papers and examinations. Prizes may be offered for proficiency under the direction and control of the executive council."

It must be evident that these objects are highly desirable, and that if properly carried out the best interests of stockholders will be subserved by them. It is hoped that by means of the association a higher standard of banking comity may be developed amongst bankers, that injudicious methods may be repressed, mistaken ideas corrected and sound principles diffused, to the great advantage of bank customers and of the people at large.

The association has already done serviceable work in preventing dangerous legislation, and I may take occasion to say that there is scarcely a session of our various Parliaments in which some legislation is not introduced that has an important bearing upon your interests. Decisions in the courts are also constantly transpiring in which new questions are decided or new interpretations given to the law on the great variety of subjects in which banks are interested. Some of these decisions, though given in local courts, have a bearing upon banking interests in every part of the Dominion. The important subject of a new

INSOLVENCY LAW

was recently referred to at one of the meetings of the association, and during the interval of the session of the Dominion Parliament this subject will receive from the bankers of the Dominion the attention it deserves. For my own part, looking back upon the experience both of Canada, England and the United States, I believe that any bill which contains a power to an insolvent to obtain a discharge against the will of any of his creditors cannot fail to be abused. Great abuses, as we know, prevail at present, but of two evils it is always well to choose the least. A bill, if such can be had, for the equitable distribution of an insolvent's estate and the suppression of preferences, would be highly beneficial, leaving the question of discharge to be settled between the insolvent and his creditors individually.

COMPETITION.

The axiom that "competition is the life of trade" must be taken to refer to such as is legitimate. There is a style of competition, both in general business and banking, which does not serve the public, but injures it. When there are too many traders in a given town or locality, their competition in cheapening goods generally leads to extravagance on the part of purchasers, or, if it leads to giving longer credit, to their customers getting deeper and deeper into debt. Many a private individual has been impoverished for years by this style of competition, and many a farmer has become overloaded with debt and lost his farm. Too many bankers in a given district produce greater mischief still. The result is a cheapening of the rate of money, which leads to extravagance in the use of it, undermines economy, introduces loose habits of business and is responsible in many instances for bankruptcy.

When, under the influence of bank competition, extended credit is given to persons of small capital, they are generally induced to attempt more than they can profitably manage, to erect too expensive buildings, or to launch out into a speculative style of business, to the detriment of their prudent neighbors who trade within their means. There are localities in Canada which were almost ruined for a series of years by the lavish style in which money was spread abroad by bank managers, who were bent upon extending business at all risks, and the losses of the banks from this style of competition have amounted to millions, and left traces of devastation behind them which have taken years of industry and economy to efface.

The experience of Scotland in this matter is worthy of consideration. Many years ago the evils of reckless bank competition were such that the banks were compelled to devise means to protect themselves and the community from it. After thorough discussion a plan was matured by which, under mutual agreement, a number of branches were closed in places where they were redundant, and measures taken to prevent the establishment of unnecessary branches in future. A committee was formed under whose regulations all the banks in Scotland have worked their business, from time to time, with uniform rates for deposits, discounts and exchange, according to the circumstances of the money market. This arrangement has been in force for years, and has given satisfaction. Its operations have been beneficial to the community. No man desires to go back to the days of unlimited competition, and it cannot be denied that the producing, manufacturing and trading classes of Scotland are as prosperous as any community of similar size in the world. There is competition, but it is the competition, not who shall scatter the most money or take the poorest securities, but as to who shall be the most attentive, courteous and vigilant in carrying on his business. This competition benefits all parties concerned. But of the other kind Canada has had far more than enough, and has lost millions of money by it.

BUSINESS GENERALLY.

With regard to business generally I may remind you that in a country of such vast extent and such a variety of interests as ours it is needful to be careful of impressions derived from partial information. Business may be good in one locality or one branch and depressed in another. It is always well to bear in mind that persons are much more ready to talk and magnify the troubles of their business than its successes. This applies more or less to all decriptions, but it applies particularly to certain well-known pursuits. We bankers are not exempt from this frailty ourselves. It is also a pity that trade questions in this country are so often made the battleground for political contests. The effect is exaggeration on both sides, and men of business always need to be cautious in acting on reports or statements that may be colored by political prejudice. Taking as impartial a view as I can in my power and looking at matters purely from a business standpoint, I begin with the great productive industries of

TIMBER AND LUMBER.

Last year and the year before were years of heavy losses in the timber trade—no new thing, by the way. Important failures took place both in Canada and England. (In one of these we were interested, but our securities brought us out with only a small loss). The reason of these failures was the common one of parties, on the strength of a good year's trade, plunging into enormous operations far beyond their means to carry through. Production has now been curtailed and most of the goods we are shopping this year will be sold to advantage.

SAWN LUMBER

has had an average year, and with the exception of the Toronto building trade the general demand is good. This line of business requires not only a heavy capital to carry it on successfully, but also an extraordinary degree of vigilance. Multitudes of operations are carried on over widely extended tracts of country, and anything like an easy-going style of conducting business will infallibly lead to ruin. Bankers know this to their cost. Painful as it is to think of labor and money thrown away, it is always too true that it would have been better for the banks and many of their customers if millions of trees that have been cut down and sawn up had been left standing in the woods. There is no reason to believe that any reckless operations are going on at present, and the bitter lessons of experience are likely to bear fruit in a more cautious and profitable style of business.

GRAIN AND PROVISIONS.

In the various branches of business connected with the export of farm produce there has been no great disaster to chronicle and no reckless speculation displayed. The exporters of grain have, probably, held their own, and little more can be said. I am speaking, of course, of legitimate trade. Gambling in grain is not one whit more honorable than playing for high stakes in a gambling house. The course of prices has been disappointing for the last few months, but the trade is generally in the hands of men who understand it and have capital to conduct it. The export of cheese has been generally profitable. This is one of the most satisfactory of our productions and is making the name of Canada well and favorably known in England. Canadian cheese is becoming as much a staple as Canadian timber. But to carry on the export of cheese successfully, not only great local knowledge in buying is required, but first rate connections for selling in Great Britain. The export of cattle was on a large scale, but it left little profit except to the ships that carried them. Of all commodities shipped across the ocean live animals are the most difficult to deal with. We have not had a large share of this business of late, but what we have has turned out satisfactorily. The McKinley tariff is working an expected change in the direction of the destination of some other farm products. They are going to England instead of the United States. Certain initial difficulties common to all lines of business are being overcome by the intelligence and energy of our traders. It was undoubtedly for the advantage of the United States to buy our products. They bought them because they wanted them. If they choose to cut off the supply of useful articles for political reasons the mischief will work itself out in time. Meanwhile, so long as we have good things to sell we need not fear that we shall find buyers.

IMPORTING TRADES.

The conditions attending these are diametrically opposite to the foregoing. All our leading exports are in articles of prime necessity, and the expense of handling is small. The risks of the business are in the fluctuations of the market. In giving credit there is rarely loss. The masses of bills of exchange that we handle in connection with the export trade are almost invariably good. In the importing trade the fluctuations in the value of goods are slow, but the expense of selling them, as compared with the export trade, is probably 20 to 1, and is increasing. Then there is the never ceasing liability to loss by giving credit. It is certain that the bulk of our wholesale merchants in the leading lines of imports, but especially in dry goods, have made slender profits in the importing trade without adequate capital, thorough knowledge of business, close buying in the best markets, together with incessant industry, sharp economy in details and, above all, rigid supervision of credits. Every failure that has taken place of late years had its origin in neglect of one or more of these matters. The attempts made to curtail unreasonable credit are worthy of all support by bankers. But until we have such a continued scarcity of money as to compel heavy curtailment of discounts we can scarcely hope that anything we can do will have much effect. Such a scarcity would probably bring about a lasting reform and put the dry goods trade on as good a footing as it is in the United States, where, seem anomalous that, what can be done in New York, Detroit and St. Paul cannot be done in Montreal and Toronto. When no paper is taken that has longer than three months to run and every bill is expected to be paid when due, renewals being looked upon as the first symptoms of danger, the trade will be on a satisfactory basis.

MANUFACTURES.

It is almost impossible to avoid touching upon political considerations here, but, politics apart, I may say generally that the splendid water powers of Canada are the natural foundation of its manufacturing industries, as they have been of every country in the world. It is not to be expected that we could let such powers as those of the Ottawa, the St. Maurice, the Trent, the Grand River, the Magog, the Chaudiere, the St. John and their tributaries, with others like them, go on forever without making some attempt to establish other manufacturing industries besides saw mills. What was done in the early days of Lancashire and Yorkshire in old England, and Massachusetts in New England, that is utilising water power, is exactly what we have been doing in Canada for twenty years back. If we have made mistakes, so have Englishmen and Americans, and we can correct them as they have. The system of bonusing by municipalities has undoubtedly been abused, and manufactures of Canada are being more and more diversified. No one can fail to notice a great improvement in this respect, especially in connection with electricity in all its branches. Many of our miscellaneous manufactures are highly profitable. When manufactures are carried on by men who thoroughly understand their trade, and who can introduce economies in working, they are steadily profitable. But it is vain to think that men can make money merely by starting factories under a protective system in default of capacity, special knowledge and economy. As manufactures are developed they tend more and more to the production of specialties, and it is only by the production of specialties that any profit can be realised. This fundamental rule applies to everything that is produced by machinery, including our cotton and woollen mills, our flouring and saw mills, our tanneries, shoe factories, implement manufactories and all the miscellaneous lines which are domiciled amongst us.

RETAIL STOREKEEPERS.

Much of what has been said applies to retail storekeepers. The day has gone by forever when almost anybody could make money or make a living by opening a store and selling goods. It can't be done. Men only waste their time and energies in carrying on the business of storekeeping without previous training. But even with a thorough knowledge of the goods he sells, the retailer often splits on the rocks of giving too much credit. After doing an apparently successful business for years he finds himself brought to a stand because his books are full of uncollectable debts. The most successful retail merchants are those whose rule is to do business for cash, and who make credit an exception.

I now come to the interest which is often spoken of as the foundation of every other in the country, namely:—

FARMING.

The condition of the farmer is more than any other the battle ground of the politician. Partial views are exceedingly prevalent. But looking over the field generally I must remind you that there are many varieties of farms and farming localities. There are localities in this Province which have been rather overpopulated than otherwise, the farms having been subdivided until they cannot yield a living. It were better if this process of sub-division were reversed. Certain localities are well adapted to one kind of production and not for another. There are hundreds of farms in the Dominion on which neither wheat nor any other kind of grain can be grown to a profit, but where cattle and dairying pay well. A farmer in these times is exposed to the law of competition as much as the manufacturer. He cannot prosper unless he considers what his farm is adapted for. The majority of our farmers understand this and act accordingly. But there are some who do not, and a few unsuccessful farmers—unsuccessful by their own fault—will fill a whole county with their lamentations. Farmers can no more expect a constant succession of prosperous years than merchants can. And some make mistakes. Too expensive homes, too much luxury in the shape of pianos, organs and such like are the mistakes of some, and a dogged persistence in old ways, and an unprofitable style of handling the farm, of others. And, to say the truth, there is a certain number amongst our farmers who are too fond of drink, too fond of politics and who spend precious time loafing about neighboring towns and taverns. Such men as these will never thrive under any political system in the world. Happily they are only a small minority. I have paid careful attention to the working of farmers' business at our country branches, and the managers of the bank have been instructed to give special attention to it also. The past year has not been supposed to be a year of much saving with farmers, but it is a fact that out of twenty-nine branches where farmers' deposits are received in twenty-seven of them there has been an increase in such deposits. In only two has there been a decrease, and that only of a small amount. I have no doubt that this experience has been common.

The whole deposits of the country in the banks and in Government and other savings banks a year ago were $213,000,000. They now amount to $231,000,000. I have little doubt that a large proportion of this increase belongs to farmers.

REMARKS OF MANAGERS.

I append, finally, a few remarks of our managers on the business of their own localities, as such information is both interesting and valuable. One says:—"Dry goods dealers have not made as much as they should considering their large stocks. Rents, expensive help and interest eat up their profits. As to farmers, opinions differ. My own impression is they make almost as much as formerly, but spend more freely. The age, with them as with others, is an extravagant one."

Another says:—"Some manufacturers in this neighborhood made little headway and some fell behind. Others, however, did better than the average, and in one branch of manufacturing large profits were made. Nine out of ten of the farmers in this locality are well-to-do. When one runs behind it is invariably owing to his being indolent, incompetent or dissipated."

Another:—"Manufacturers in this neighborhood, by hard work and economical management, have generally added to their means." Another, in an important centre, says:—"Last year's good crop, followed by a better winter than usual, has left the farmers in a far better position than they were a year ago."

Another says of the flour mills in his district that the loss of the Newfoundland market was appreciably felt, and that the year has not been a good one. Woollen mills that were well equipped and worked with adequate capital undoubtedly made money. Of the farmers, "the wasteful, shiftless one, with fences down and thistles growing round his machines lying in the fence corners, have as much to find fault with here as in any other country. With the hardworking, careful farmer the position is entirely different."

The manager of our Hamilton branch writes that "the crop of grapes is becoming second in importance and is a more certain one than grain. The business can probably be developed to an extent hardly possible to be conceived of at present. The farmers of the neighborhood are doing well. The variety of articles is so great that they are sure to do well in some of them. Distress amongst farmers is looked upon as due to bad methods."

In a cheese district a manager reports that "the business was satisfactory to all parties. The amount of money distributed amongst farmers in the neighborhood was over a million. Farmers here have learned that dairying pays better than anything else. Next in importance is raising hogs." Another reports that the lazy, indifferent farmers are being weeded out, while the prudent and thrifty ones are getting more independent. Last year wholesale deposits at this branch increased 50 per cent.

Another report: that both manufacturing and storekeeping had an unprofitable year. This is a poor district. The farmers, and the majority of them are poor, but they had better crops than usual last year and undoubtedly reduced their indebtedness considerably. Another, writing from a wholesale centre, in a good farming district, says wholesale houses and manufacturers have done well and that the loan companies state that payments on mortgages have been far more prompt than in years back. Yet a steady decline in value of farms had been going on for some years, owing to the opening up of new fields of enterprise in the Northwest. This has brought about a more economical state of living; not a bad result. Another manager, referring to business generally, observes of electric companies that great strides have been made during the year and handsome profits realised. But dry goods and general stores have been unprofitable, with one or two exceptions. The most successful retail firm in this place do an immense trade on a cash basis. Another, speaking of certain lines of business in which many failures had taken place, largely the fault of injudicious bank advances, observes that the majority had been weeded out, greatly to the advantage of solvent houses. A great deal of money has been lost during the year, but these disasters have not been an unmixed evil, for with the disappearance of weak concerns and the withdrawal of unhealthy competition, prospects are much improved."

Another reports that there has been no depreciation of farm property in his section; on the contrary farms are increasing in value.

Another complains bitterly of the tax on the mining industry imposed by the Government of this Province as having brought the business almost to a standstill. Several managers in Ontario refer to the considerable amount of last year's crops still left in farmers' hands. Our Toronto managers refers to the collapse of two prominent capitalists from land speculation and to the heavy depression in the city lumber trade being likely to lead to losses by the banks. The wholesale trade of the city has had only a fair year. * * The foregoing reports are all from Ontario and Quebec.

The condition of business generally, and farming in particular, in the Northwest is so well known that it hardly needs to be referred to. There can be no doubt that a more healthy condition of trade prevails in its principal centre, Winnipeg, and we hear from our manager that all leading lines have been profitable. But there are far too many retail stores in the city, the result being that, with few exceptions, they are hardly making a living. A conspicuous failure of a brewing and milling company in the interior of Manitoba was clearly the result of incompetence and extravagant management.

The crop, as is well known, was immense in quantity, but bad weather and delay in thrashing deteriorated its value largely; and the holding over for better prices proved a terribly mistaken policy, as it has so often done in Ontario. But in spite of all this, the Northwest has made considerable progress during the year and the prospects for the future are excellent. But it is every true, as Lord Mount Stephen has already observed, that the great want of that part of the Dominion is men.

I have said nothing so far with regard to the varied lines of enterprise carried on in this city, but a large part of what has been said of the business of the country generally applies also to Montreal. For if the country prospers, Montreal prospers, and vice versa. Overtrading and excessive competition, speculation, long credits, all work out the same results here that they do elsewhere and so do the opposite styles of conducting business. These, I believe, generally prevail.

The large shipping trade of Montreal, both internal and on the ocean, was conducted with an average degree of profit for the most part, and our harbor improvements will give still greater facilities to this.

The immensely increased railway traffic of the Dominion in recent years is particularly remarkable and demonstrates a very large degree of enterprise and activity in the business of the Dominion.

It will be noticed that I have not referred either to the business of the Maritime Provinces or of British Columbia. We have no branches in either, and I only desire to speak at length in this address of subjects that come under personal observation; but as our mercantile customers in the leading circles deal with both extremities of the Dominion, I may say that it is gratifying to see the rapid progress of our Pacific Province in all the leading lines of its business, while there is no reason to doubt that the people of the Maritime Provinces have had an average year's business in their leading lines of production and distribution. And from a commercial and binding point of view it is gratifying that our disputes with our sister colony, Newfoundland, have been settled. It is a pity that such disputes ever arose.

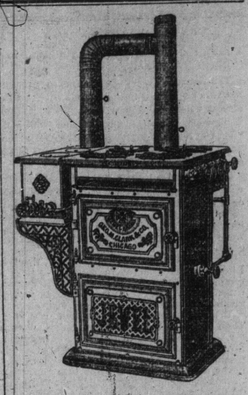
After some remarks by Messrs. Morrison and Crawford it was then moved by Mr. J. H. R. Molson, seconded by Mr. J. Crawford, That the thanks of the stockholders are due and are hereby tendered to the president, vice-president and directors for the manner in which they have conducted the institution during the past year, and to the general manager for his efficient management during the year. Carried.

It was next moved by Mr. J. Y. Gilmour, seconded by Mr. Cleghorn, that Messrs. F. Lyman and J. Williamson be appointed scrutineers of the election of directors about to take place, that they proceed to take the votes immediately, that the ballot shall close at 3 o'clock p.m., but if an interval of ten minutes elapse without a vote being tendered that the ballot shall thereupon be closed immediately.

It was then moved by Mr. E. F. King, and seconded by Sir J. Hickson, that the thanks of the meeting are due and are hereby tendered to the chairman for his efficient conduct of the business of the meeting.

The motion was carried unanimously, and the meeting then adjourned, the scrutineers shortly after reporting the following gentlemen to be duly elected as directors:—Andrew Allan, Robert Anderson, Hector Mackenzie, Jonathan Hodgson, John Cassils, H. Montagu Allan, James P. Dawes, T. J. Dunn, Sir Joseph Hickson.

The new board met in the afternoon, when Mr. Andrew Allan was re-elected president, and Mr. Robert Anderson, vice-president.



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