

"It is noteworthy that during the ten years prior to the war, your Bank alone was the medium through which some \$600,000,000 of loan moneys were raised in London and transferred to Canada.

UNITED STATES

"In the United States money has been continuously cheap and plentiful. This condition has been highly disadvantageous as regards our profits, but of the utmost importance to Canada, as it has enabled the Dominion, our Provinces, cities and railways to finance their requirements to an extent that we could scarcely have hoped for a year ago. Including the \$45,000,000 Government loan, Canada borrowed in Wall Street during the past twelve months about \$142,000,000, an amount that can, with interest, be compared with about \$50,000,000 from that source in the previous year, and with \$165,000,000 borrowed in London in the calendar year 1913.

"Another interesting fact is that the balance of trade between Canada and the United States during the past year was \$113,000,000 in favor of the latter, to which must be added the year's interest of approximately \$32,000,000 on our previous borrowings in the United States, or a total of \$145,000,000. It will, therefore, be seen that the United States is acting in accordance with my forecast of a year ago in providing us with funds by way of loans with which to purchase goods, wares and merchandise in that country.

"The balance of our trade with Great Britain for the same period was \$191,000,000 in our favor, but this sum is automatically reduced to \$41,000,000 by our annual interest indebtedness of \$150,000,000.

"It is obvious that New York has made ambitious strides towards becoming a great international financial centre. In view of this development, it is satisfactory that our credit is good in that market, and of vital importance that it should be maintained.

PROFITS

"It seems in place to further comment upon our Banking Profits by stating that in the ninety-eight years during which this Bank has been in existence the interest return on capital has averaged over 8 per cent. per annum. As for the year under review, you will doubtless agree that you have good reason to feel satisfied that your dividend and bonus have been maintained in times that have tested the strength of every important business institution throughout the British Empire.

"In this connection it may seem superfluous, but it is certainly advisable, to impress upon those interested that the ability of the banks of Canada to maintain steady dividends is due to the conservative policy adopted long ago of setting aside in years of plenty a measure of earnings. In pursuance of this policy, your Bank has, as you know, accumulated in the course of many years a reserve equal to its capital, which naturally means that dividends large in the eyes of the captious and uninitiated critic are moderate when calculated upon the combined capital and reserve.

DEPOSITS

"Canadian Bank Deposits aggregate \$1,240,308,190, as compared with \$1,144,199,224 the preceding year, and \$1,146,739,868 in 1913. Your total deposits have increased \$38,800,000 during the past year, and are \$46,450,000 greater than in 1913, the figures for the three years being:—

1913	\$189,572,838
1914	197,222,674
1915	236,022,812

"We have had entrusted to our care since the outbreak of war special deposits running into large figures in connection with special transactions.

CIRCULATION

"Our Notes in Circulation are \$45,280 more than a year ago. The tax on our circulation payable to the Government amounts to \$127,347.

QUICK ASSETS

"Partly from policy and partly from force of circumstances, the ratio of our quick assets to liabilities has increased to 64 per cent. from 55 per cent. a year ago, and from 49 per cent. two years ago. There have been times when the percentage has seemed needlessly high, but you will, doubtless, agree as to the wisdom of being on the safe side.

"Idle reserves are a safeguard, not a feature for regret, and should prove invaluable when the situation clears.

"In this connection it is well to emphasize the fact that we have not only met the usual legitimate requirements of merchants, manufacturers, farmers and ranchers, but have given special consideration to applications from those temporarily embarrassed by the prevailing conditions.

CURRENT LOANS IN CANADA

"The fact that our current loans in Canada are lower than a year ago reflects the general trade conditions throughout the Dominion. They were on

31st October, 1913	\$117,596,073
31st October, 1914	108,845,332
31st October, 1915	99,078,506

"Our loans to Municipalities have varied as follows:—

31st October, 1913	\$ 5,227,905
31st October, 1914	9,017,324
31st October, 1915	11,203,472

"Over 80 per cent. of such advances have been made in anticipation of the collection of taxes, and less than 20 per cent. represent capital expenditure.

COMMERCIAL FAILURES IN CANADA

"Commercial failures in Canada during the twelve months ended October 31st, 1915, numbered 2,883, against 2,583 for the previous year, and 1,669 during our bank year 1912-1913.

SUMMARY

"In summarizing my remarks I may say that a year ago I expressed the opinion that Canada was standing the strain without collapse. This summing up of the situation still holds good. The strain is less than could have reasonably been expected, and we are encouraged to calmly face the troubles still ahead of us because of the confidence that comes from having successfully surmounted the ordeals of the past twelve months, ordeals that came upon this country without warning and found us inadequately prepared.

"There is now a decidedly more hopeful feeling throughout the Dominion, and there is excellent ground for that reassurance in the material advantages that have resulted from a bountiful harvest. When we consider that the Northwest alone has produced several hundreds of millions of dollars' worth of agricultural products in the past year in an area where in the boyhood of the middle-aged not a sod was turned, we feel that this is a form of genuine prosperity to inspire confidence, and in which our pride is pardonable.

"When we begin to analyse other features of the situation there is less room for satisfaction.

"The war in which the Empire is engaged to protect its integrity has made it incumbent upon Canada to assist the mother country in every way possible.

"We have already provided a large number of troops, and more will follow.

"In the manufacture of munitions, clothing and other requisites, we are doing our full share. This has brought profitable employment to Canada when sorely needed, and at the same time rendered great service to the common cause. Let us, however, remember that the manufacture of war materials is a grim and transient form of so-called prosperity, that the cost thereof comes out of the national exchequer of Great Britain or of Canada, and from the blood of the flower of our manhood.

"Also the United Kingdom has advanced large amounts to Canada for military expenditure, and the time may come when it will be desirable, if not necessary, for the Dominion to finance its own requirements. In any case, we must economize in every way possible, so that we may bear our full measure of responsibility during the war, and be prepared for the taxation that must follow.

"Canada's greatest wealth lies at her feet, her economic future is bound up in the development of vast agricultural areas of unsurpassing fertility. The rate at which that development can be accelerated is dependent upon the rate of increase in our farming population. In natural sequence immigration can best be attracted to the Dominion by reducing and keeping down the cost of living. That, in my opinion, is the key to the whole economic situation.

"I have before me a statement regarding the trade and general condition of the Provinces, which, with your permission, I will omit reading, as it will appear in the published reports of this meeting."