

We are satisfied that it is no longer necessary to have a large contingent fund, if indeed to have one at all, the condition of the company being in all respects so satisfactory. The reserve fund, you will observe, is now 46 per cent. of the paid-up capital, and within sight almost of soon reaching \$500,000, or 50 per cent. of the paid-up capital.

I am persuaded that such a state of affairs cannot fail to afford satisfaction to every person interested in the company.

You will observe that our liquid securities, consisting of municipal debentures, Government scrip, and call loans on stocks and bonds, amount to \$629,118.81, being more than our reserve fund, and these can be readily converted into cash at any time. This meets the views of those who claim that this is to be preferred to having the reserve fund in mortgages, however good these may be, these having a period to run before their maturity.

The high character of the assets of the company can be estimated by the prompt manner in which payments are made of principal and interest. In this connection I may state that on Manitoba loans the principal comes back in many cases too soon, as we would rather it remained longer in the hands of the borrowers, but it frequently happens that they have realized such a large sum of money for the season's crops and for stock sold, that they want to pay off their mortgages before they are due, and willingly give a bonus of some months' interest in order to get their mortgages discharged.

With regard to the future of Manitoba and the two newly added provinces of Saskatchewan and Alberta, I take the liberty of quoting from the admirable address delivered last month at the annual meeting of the Bank of Montreal by the president, Sir George Drummond:

"The feature of the year, however, is the splendid crop which has just been harvested in the Northwest Provinces and in Ontario. As regards the former, the most sanguine anticipations have been realized, and it seems beyond doubt that the following estimates of this season's crop in Manitoba and the Northwest Provinces are conservative:

"Wheat, 90,000,000 bushels; worth on the spot 65 cents.

"Oats, 65,000,000 bushels; worth on the spot say 25 cents.

"Barley, 13,000,000 bushels; worth on the spot, say 30 cents.

"Flax, 50,000 bushels; worth on the spot, say, 80 cents.

"Rye, 300,000 bushels; worth on the spot, say 35 cents.

"In all 169,000,000 bushels of grain."

Of course, a proportion of these crops will be consumed by the farmer, as, no doubt, will all the root crops, of which potatoes alone are estimated at 8,000,000 bushels, as well as hay, but of these I take no account. At the prices named it is not difficult to reach an approximate sum of \$75,000,000, or fifteen million sterling, to be distributed among a comparatively small population, and won from a soil which was considered barren and surrendered to the wilderness a few years ago. In addition to the foregoing, and not included in the above estimate, 75,000 cattle were disposed of during the year in the Northwest. Incidentally, I may mention that I was informed by expert millers, that this year's wheat is so good in quality that 7 per cent. less of it is required to produce a given quantity of flour than an average.

It is asserted that the area so far brought under cultivation does not, from the most accurate information obtainable, much exceed 5 per cent, and certainly it is well under 10 per cent. of the area available and waiting for occupants. In this connection I may quote here a sentence from an able and well-qualified government officer who has just completed a wide survey of the Territories. He says: "The immense wealth so long stored in the virgin soil of the great western country will be gradually developed, and the fact that Canada is destined to rapidly become one of the greatest food-producing nations in the world will soon become apparent to all in the volume of her exports."

"The great extension of the railway systems operating in this country must not be passed over. The C.P.R. Company is spending vast sums in improvements and extensions; the Canadian Northern is pushing westward, while the G. T. R. is preparing for an extension to the Pacific Coast, and the Government of Canada has the necessary powers to duplicate the railway connection between Quebec and Winnipeg, and is now surveying a line."

A natural consequence of such results and such wealth is a great influx of settlers from many lands, many from southern and eastern Europe, Doukhobors, Galicians, and Hungarians. As a rule they arrive very poor and hence have to begin life on the prairie in a small way, yet by economy and persevering industry, on the whole they are making fair progress, and honestly paying any debts they incur.

The best class of settlers are the Scotch, English, Irish, Germans, and Americans. The last mentioned were in many cases Canadians who had gone from Ontario many years ago, and settled in Dakota, Iowa, Nebraska, or other States, but who have sold out their farms in these places and have

transferred themselves, their families, their horses, cattle, and farming implements to Manitoba or the two North-West Provinces. These ordinarily are the most successful settlers, having been accustomed to the kind of life, and scarcely lose one day after reaching their new homes in beginning to plough and prepare for crops of various kinds.

The number of new settlers who have made homes for themselves in 1905 is estimated to be about 146,000. This will result in a large additional acreage of land being under crop next year, and indeed every succeeding year. It is only repeating what has now become a hackneyed phrase when I say; "Our great North-West will soon become the great granary of the world," and will supply a large part of the foodstuffs required by the multitudes in Great Britain and other European countries.

A considerable number of farmers have taken up or bought more land than they can work properly, and run into debt in connection with it, also have incurred liabilities in the purchase of farming implements, reaping machines, etc., hoping to make money by a rapid rise in land values. They are forgetting that such a bountiful crop as the last cannot be counted upon every season, and that in the event of a lean year coming round they would be in trouble and be unable to meet their obligations. It will be a wise policy for loan or insurance companies engaged in the business of lending money to discourage loans when the applicant's purpose in borrowing is to hope for profit by the increased value of the land, rather than by persevering industry in the cultivation of what he already has. The spirit of speculation is abroad, and the price of land is in many cases considered by conservative valuers too high for safety.

I may repeat what I have often said previously, that it is easy to make bad loans in these regions, and hence lose money, but this company has a complete organization for carrying on that business, for procuring reliable valuations, and for making thoroughly reliable inspections. Without this there would be no safety.

The city of Winnipeg continues to grow rapidly in population and in wealth. The population is now about 87,000, and there are many wholesale houses that, for extent and completeness, will compare favorably with similar establishments in Montreal and Toronto. The buildings erected during the past year will amount in value to about \$11,000,000, and extensive buildings are now in progress for a large, first-class hotel for the Canadian Pacific Railroad, for banks, for offices, and for departmental stores, not to speak of warehouses for merchants. There has also been an insufficient supply of dwelling houses to meet the wants of the rapidly increasing population, but now there are probably enough to serve for some time to come. That Winnipeg must be a large and important city is beyond peradventure, and will be the great distributing point for merchandise and supplies of many kinds for the vast country to the west of it, embracing Manitoba, Saskatchewan, and Alberta, and, to some extent also, for British Columbia.

But while this is granted, there are good reasons to fear that the value placed upon land in the city is not warranted, that it is in many cases altogether too high, and that to make loans based upon such boom values would be unsafe, and might be reckoned rash financing.

With respect to our own Province of Ontario, and our own city of Toronto, it can be confidently stated that prosperity is apparent on all hands. The farmers generally were never better off than at present; they conduct their operations with much greater intelligence and skill than was the case not very many years ago, and undoubtedly the Agricultural College at Guelph, where so many young men have graduated since it was established, has been largely instrumental in bringing this about.

As for this city, the manufacturers are, as a rule, kept very busy, and are in many cases pushed to overtake the orders on hand and offered. The merchants, too, are doing a large and profitable business, the extent and rapid development in Manitoba, the North-West Provinces, and New Ontario, furnishing new fields for the disposal of almost every variety of merchandise.

Nothing, probably, shows more forcibly the remarkable prosperity that has marked the past year than the immense increase in money on deposit with the banks, and the increase in the circulation of the banks. As shown by the following returns, there are:

Deposits in chartered banks, to November 30th, 1905	\$511,942,492
Deposits in Post-Office Savings bank to November 30th, 1905	61,140,643
Deposits in Ontario loan companies, to November 30th, 1905	20,000,000
Deposits in Montreal City and District Savings Bank, December 30th, 1905	18,417,192
Deposits in Quebec Savings Bank, Notre Dame, December 30th, 1905	7,852,717
Total	\$619,353,044

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