

If this ratio is kept up during the following two months, the export trade will be one of the largest in the history of Canada.

There was a gratifying increase in the traffic returns of our railways. The Canadian Pacific Railway Company, from January 1st to the end of April, shows an increase of \$1,158,000, and the Grand Trunk returns for April show an increase of \$40,000, as compared with the same month in 1895.

Since we last met, no new legislation has been passed affecting the banking interest or calling for remark, and the chief distracting element in domestic politics now in view is the impending election of a new House of Commons.

THE SILVER QUESTION IN THE UNITED STATES.

If we turn to foreign politics and their influence on our progress and prosperity, we encounter events of the first magnitude and importance. The continued agitation of the silver question in the United States is a menace to almost every interest, and postpones any anticipation of better times. It seems about equally useless to discuss seriously its demerits as a policy as to estimate its chances of success.

Many recent political conventions there have proved that its thorough-going supporters will tolerate no half measures; "unrestricted coinage," "a ratio of 16 to 1," and the prompt voting down of every suggestion towards making the ratio represent the commercial value of the metals, show the danger of such views. A ratio of 16 to 1, when the commercial values are about 31 to 1, means repudiation—neither more nor less. Its advocates, nominally bi-metalists, would in practice, I fear, prove strict mono-metalists, and show a decided preference for discharging their obligations with a fifty-cent silver dollar. The mere possibility of such a measure becoming law is beyond doubt the cause of great distrust in every quarter and of low prices for American securities, and the immediate occasion of the practice, now so common, of inserting a provision in all form of securities calling specifically for repayment in gold. I confess to the heresy of thinking the clause generally adopted insufficient, unless the specific quantity of gold in the dollars is also stipulated.

The world appears to have entered on a period of general political unrest. Many international questions have suddenly been raised to the foremost importance, which in ordinary times would have attracted little attention and excited neither heated discussion nor disquietude.

We have had a severe lesson on the disastrous consequences of the manifestation of this spirit, even without any overt act, and it is to be trusted that the better judgment of the people will appreciate its dangers and discountenance in the future such a fruitful source of panic and disaster.

Generally speaking, I think we may more hopefully regard the future. The suspense now existing must end. We have survived without serious scathe an unexampled reign of distrust and low prices over all civilized countries, and our resources are comparatively unimpaired. The savings of the laboring classes go on accumulating. With more settled political conditions we may confidently look for returning prosperity. (Applause)

THE GENERAL MANAGER.

Mr. E. S. Clouston was then called upon by the chairman and spoke as follows:

The business year just closed has been on of the most disappointing in my experience as a general manager of the Bank of Montreal.

For although the outlook when I last met you was not at all reassuring, yet as the year went on prospects gradually brightened. There was a good crop in the North-West, which helped matters, and the commercial community grew more hopeful and more disposed to expand their business, and it seemed as if we had at last turned the corner of a series of dull depressing years.

In the United States the improvement was probably more marked than in Canada, because the depression there had been greater.

The Government of the United States, through the syndicate operations, had shown its ability to maintain the gold standard (a fact seriously questioned by many persons at the beginning of the year 1895). The iron industry was almost booming. Railroads were showing improved earnings, and with improved earnings restoring the wages of their employees, spend-

ing more money in betterments and aiding the recovery in business in all directions.

THE VENEZUELAN INCIDENT.

Upon the 17th December last, however, all was changed by the Venezuelan incident. A general disorganization was the result; a drain on the United States Treasury ensued; foreign bankers withdrew their money from the United States money markets; American securities in the United States and Europe were thrown on the market. All this rapidly produced a panic on the Stock Exchange, money advanced to high rates, and in all cases was not procurable.

It was one of the worst panics, if not the worst, of the century, and not only in the United States but in Canada, also, ruin apparently stared everyone in the face. And he would have been a rash man who would have undertaken to value the assets of the banks of the United States and Canada during the first few days of that crisis. But the very violence of the panic worked its own cure, as it made it apparent to the more conservative element how closely the two great English speaking nations were bound by their commercial relations. Cool heads and better councils prevailed and the danger gradually passed away. And probably the result is that we understand each other better now than before the trouble and are better friends in consequence. The shock to commerce, however, was so violent that it has done infinite damage, and the evil consequences time alone can cure.

ITS EFFECT IN CANADA.

With the hopeful feeling which had been steadily growing in Canada up to the end of the year, our merchants had been tempted to increase their importations, and our manufacturers were enlarging their output, and, as a consequence, they now find themselves with heavy stocks and a dull market. Many, losing hope, gave up the struggle, and failures became numerous; and many, being only too glad to take advantage of the opportunity, made profitable compromises.

The United States lumber market, which especially affects Canada has been so dull that the lumbermen who manufacture for that market have a much heavier load than usual to carry.

FINANCIAL POSITION OF THE UNITED STATES.

Added to this unfortunate condition is the disturbing state of financial affairs in the United States, where some of the legislators have been untiring in their efforts to discredit the financial standing of their country. A Presidential year there, and a general election here, with all their attendant uncertainties the fear of tariff changes in one country, and in the other the silver question, all tend to make this a year of unrest and one to be looked forward to with anxiety. But if we could only feel assured that a strong gold plank would form part of the platform of the victorious party in the United States, we could look forward far more hopefully to the future prosperity of the American continent. And that, after all, is the keynote of the future.

SIGNS OF IMPROVEMENT.

There are not wanting signs of improvement, chief among which is the increasing earnings of the railroads, which must be accepted as an indication of a better state of affairs. Probably not in many years have railroads been on such a healthy basis as at present. Doubtful roads have passed, and are passing, through the crucible of re-organization, and necessity has forced greater economy in operating; consequently their finances are in better shape and there is a considerable amount of future traffic in sight. This cannot fail to have a good effect on business generally.

There is another factor in the general situation that must not be overlooked. Not for many years have the laborers, the artisans, the mechanics, and the rest of the people experienced such cheap living. Bread, meats, butter, cheese, eggs, milk, tea, coffee, sugar, clothing of all descriptions, in fact, all the necessities of life, are obtainable at a lower basis of cost than ever before known in the history of the Dominion.

In Canada it is too early to speak of crop prospects. The prices of farm products are unfortunately low, but there is a good demand for timber for the English markets at an advance price. In portions of Ontario the blighting effects of real estate speculation have not yet been entirely removed. Reports are satis-

factory from the Maritime Provinces. Business in this province is fair, and the position in Manitoba is sound. The demand for cattle on the ranches in the North-West Provinces is good, and all eyes are turned expectantly, and hopefully also, towards

BRITISH COLUMBIA.

That Province has suffered severely from the prevailing depression, but there can be no doubt that with its immense resources it has a bright future before it. Its important salmon canneries—its inexhaustible deep sea fisheries barely touched—its lumber trade, now showing signs of emerging from its depression—and last, but not least, its immense mineral deposits now being rapidly developed—all point in that direction. The ball is at its feet, and it only requires wise and economical handling of its finances by the Government, together with a firm resolve to discredit all bogus companies and to use honestly the foreign capital which will pour into it, to make it one of the wealthiest and most prosperous Provinces of the Dominion. It is unfortunate that much of the business of the mining district does not benefit the country generally, but with better railroad communication we will, no doubt, before long obtain our fair share.

The finances of Canada have been judiciously administered and its credit never stood higher, and taking it altogether, as I said before, although this year must necessarily be one of anxiety, because another such year as we have passed through would mean ruin to many and consequent heavy losses to the banks, yet there is much for the hopeful mind to feed on

THE GENERAL STATEMENT EXPLAINED.

Speaking more particularly with reference to the statement laid before you, I will now explain the position of the different items. I may say that at the request of one of the shareholders we tried the experiment of placing last year's figures in parallel columns, but it made such a clumsy looking statement that we gave up the idea, and have given, as required by our by-laws, the statement, in the usual way, of the year's working. We felt also that such a comparative statement as was suggested might in certain cases convey a wrong impression, and that it was better that the general manager should give an explanation of any changes.

The following are the more important, as compared with last year:

In the liabilities the circulation has increased \$324,000, the free deposits have decreased \$1,408,000, nearly altogether in the Government account. The interest deposits have apparently decreased \$365,000, although in reality the deposits by the public have increased \$1,135,000, the Government having withdrawn an interest bearing deposit of \$1,500,000. In the assets we have \$723,000 more cash on hand. Our foreign balances have been drawn on to the extent of \$3,268,000 to provide for the above withdrawal of Government deposits, for an increase of \$1,036,000 in our loans, and for the purchase of \$385,000 additional securities. The overdue debts, secured and unsecured, are \$112,762 less.

With reference to the profits, though only slightly larger than last year, they must under the exceptional circumstances attending our operations of the year just closed, be considered highly satisfactory. We had to contend during the first eight months of our fiscal year with exceptionally low rates in New York and Chicago, and, when the crisis enhanced the value of money, were obliged, from motives of prudence, to hold large sums in gold, and could not take full advantage of the chances to make profits. We have succeeded in making our dividend after having, as we believe, made full appropriations for all bad debts and doubtful accounts. It remains to be seen, however, whether we have yet fully appreciated the consequences of the great shock given to the commercial stability of the country by the events of the year, and it is possible that unless the tide has actually turned, the tale of business embarrassments is not yet ended.

Even if the general business of the country should improve, the outlook for profits in the year we have just entered upon is not promising, as the rates for our foreign call money are nominal.

We have purchased the premises formerly occupied by the Bank of British Columbia in the city of Victoria, and it is our intention to build a new and suitable bank building there during the coming year. (Applause.)

THE DISCUSSION.

Mr. John Morrison asked if the amount paid