BANK OF MONTREAL

Annual General Meeting Held 1st December 1924.

The 107th Annual General Meeting of the shareholders of the Bank of Montreal was held on December 1st, in the Board Room of the Bank's Headquarters.

On motion of Mr. C. R. Hosmer, Sir Vincent Meredith, Bart., was requested to take the chair.

Mr. John Paterson moved, seconded by Sir Lomer Gouin, that Mr. W. R. Miller and Mr. G. L. Ogilvie be appointed to act as scrutineers, and that Mr. C. H. Cronyn be the Secretary of this meeting.

This was carried unanimously.

The Chairman then called upon the General Manager, Sir Frederick Williams-Taylor, to read the Annual Report of the Directors to the Shareholders at their 107th Annual General Meeting held on Monday, December 1st, 1924.

THE ANNUAL REPORT.

The Directors have pleasure in presenting the Report showing the result of the Bank's business for the year ended 31st October, 1924.

Balance of Profit and Loss Account, 31st October, 1923		$ 659,582.14
Profits for the year ended 31st October, 1924, after deducting charges of management, and making full provision for all bad and doubtful debts		4,454,504.04
		$5,114,086.18
Quarterly Dividend 3% paid 1st March, 1924	$ 817,500.00	
Quarterly Dividend 3% paid 1st June, 1924	817,500.00	
Quarterly Dividend 3% paid 1st Sept., 1924	817,500.00	
Quarterly Dividend 3% payable 1st Dec., 1924	817,500.00	
Bonus 2% payable 1st Dec., 1924	545,000.00	
	$3,815,000.00	
Provision for Taxes Dominion Government	412,500.00	
Reservation for Bank Premises	125,000.00	
		4,352,500.00
Balance of Profit and Loss carried forward		761,586.18

Since the last Annual Meeting, offices were opened at two points and closed at thirty-six points throughout the Dominion and in Newfoundland. Our office at Spokane, Washington, U.S.A., was also closed.

For the convenience of our Mexico customers and American correspondents, offices have been opened at Guadalajara and Monterrey, Mexico.

The Directors have to record with deep regret the death of their late valued colleagues, The Right Honourable Lord Shaughnessy, K.C.V.O., a member of the Board since 1907, and of Mr. J. H. Ashdown elected a Director in 1917.

Major-General the Honourable S. C. Mewburn, C.M.G., was appointed a member of the Board in October.

All offices of the Bank, including the Head Office, have been inspected during the year.

(Signed) VINCENT MEREDITH,
President.

Bank of Montreal, 1st December, 1924.

THE GENERAL STATEMENT.

The General Statement of the position of the Bank on 31st October, 1924, was read as follows:—

LIABILITIES.

Capital Stock		$27,250,000.00
Rest	$27,250,000.00	
Balance of Profits carried forward	761,586.18	
	$28,011,586.18	
Unclaimed Dividends	8,286.07	
Quarterly Dividend, payable 1st Dec., 1924	817,500.00	
Bonus 2%, payable 1st Dec., 1924	545,000.00	
		29,382,372.25
		$56,632,372.25
Notes of the Bank in circulation	$39,306,908.00	
Deposits not bearing interest	181,137,538.36	
Deposits bearing interest, including interest accrued to date of statement	455,731,982.78	
Deposits made by the Balances due to other Banks in Canada	3,127,867.33	
Balances due to Banks and Banking Correspondents elsewhere than in Canada	1,030,036.96	
Bills payable	82,362.62	
		680,416,696.05
Letters of Credit outstanding		11,003,562.70
Liabilities not included in the foregoing		783,457.56
		$748,836,088.56

ASSETS.

Gold and Subsidiary coin current		$17,300,241.33	
Dominion notes		77,696,482.2	
Deposit in the Central Gold Reserves		14,000,000.0	
Balance due by Banks and Banking Correspondents elsewhere than in Canada	$ 69,517,496.85		
Call and Short (not exceeding thirty days) Loans in Canada on Bonds, Debentures and Stocks and other securities of a sufficient marketable value to cover	7,982,463.58		
Call and Short (not exceeding thirty days) Loans in Great Britain and United States, on Bonds, Debentures and Stocks, and other securities of a sufficient market value to cover	110,206,0[illegible]		
		187,706,037.87	
Dominion and Provincial Government Securities not exceeding market value		91,612,453.73	
Railway and other Bonds, Debentures and Stocks not exceeding market value		6,385,569.34	
Canadian Municipal Securities, and British Foreign and Colonial Public Securities other than Canadian not exceeding market value		42,392,715.21	
Notes of other Banks		2,634,930.00	
United States and other foreign currencies		650,833.09	
Cheques on other Banks		28,137,705.38	
			$468,516,968.20
Current Loans and Discounts in Canada (less rebate of interest) after making full provision for all bad and doubtful debts		214,565,215.17	
Loans to Cities, Towns, Municipalities and School Districts		15,432,780.08	
Current Loans and Discounts elsewhere than in Canada (less rebate of interest) after making full provision for all bad and doubtful debts		22,102,356.68	
Non-current Loans, estimated loss provided for		2,158,868.86	
			254,259,220.79
Bank Premises at not more than cost (less amounts written off)			9,800,000.00
Real Estate other than Bank Premises			940,968.04
Mortgages on Real Estate sold by the Bank			1,054,094.11
Liabilities of Customers under Letters of Credit (as per Contra)			11,003,562.70
Deposit with the Minister for purposes of the Circulation Fund			1,360,241.10
Shares of and loans to controlled companies			1,262,297.80
Other Assets not included in the foregoing			638,735.82
			$748,836,088.56

NOTE:—The business of the branches of the Bank in Paris, France and in San Francisco, U.S.A., is carried on under the name of local incorporated companies, and the figures are incorporated in the above General Statement.

NOTE:—Bonds of the Merchants Realty Corporation to the extent of $2,826,000.00, secured on premises leased to the Bank, are in the hands of the public. These bonds do not appear in the above Statement, as the Bank is not directly liable therefore.

VINCENT MEREDITH,
President.

FREDERICK WILLIAMS-TAYLOR,
General Manager.

To the Shareholders of the Bank of Montreal:

We have compared the above Statement with the Books and Accounts of the Bank of Montreal at the Head Office, and with the certified Branch Returns. We have checked the cash and verified the investments and securities at the Head Office, and at several of the principal Branches of the Bank at the end of the financial year. We have likewise, at various dates throughout the year, checked the cash and verified the securities at several important Branches.

We have to report that: (a) we have obtained all the information and explanations we have required; (b) in our opinion the transactions of the Bank, which have come under our notice, have been within the powers of the Bank, and (c) in our opinion, the above statement discloses the true condition of the Bank and it is as shown by the Books of the Bank.

Montreal, 22nd November 1924.

JAMES HUTCHISON, C.A.,
of the firm of Riddell, Stead, Graham & Hutchison.
CHARLES A. HODGSON, C.A.,
of the firm of Creak, Cushing & Hodgson,
Auditors.

THE PRESIDENT'S ADDRESS.

During the past year, continued confused world-wide conditions have been a deterrent to business generally, resulting in cautious buying and unwillingness to undertake forward operations. Yet, despite relative dullness of trade and the heavy burden of taxation imposed on financial institutions, I am happy to say we have been able to earn our dividend and bonus. Low rates of interest in world money markets have naturally affected profits, but the resourses of your Bank are so large and its earning power so constant that I feel assured you may depend upon the continuance of satisfactory profits.

While hesitating to prophesy, I am satisfied that a gradual improvement in the trade situation is occurring. Statistical returns support this view, and, while there is irregularity in the movement, in the main the trend is upward. There has been a better demand for steel in various forms, especially from railroads; textile trades are gradually recovering from the slump, and dealings in hides and leather have broadened. Other indices may be cited: thus, car loadings showed an increase until effected recently by the smaller prairie crop, while building operations have kept pace with last year, which, in turn, showed a substantial increase.

CANADA'S FOREIGN TRADE.

Figures of foreign trade are encouraging. In the twelve months' period to October 31st the aggregate value of this commerce was $160,000,000 greater than in the precedeing year, the total being $1,895,000,000. We have been able to reach this large amount chiefly because of the enormous western grain crop in 1923, and, in a survey of economic conditions, there is no more satisfactory feature than the improvement in agricultural returns. Last year there was greater volume, this year there is greater value. Farm products have always made the largest contribution to Canada's export trade, being greater than the combined export value of all other commodities.

The other outstanding item in respect of exports is forest products In the seven months during October 31st, shipments of wood and wool products, including paper, declined in value about $18,000,000, as compared with the preceding year, this decrease occuring in lumber and not in paper. On the import side a shrinkage is again recorded, so much as $75,000,000 since March 31st, and while lower prices may account for some of this decrease, the cause must be attributed to a quiet condition of domestic trade. A gratifying feature of the statistics of foreign trade is the growth of favorable balance. In the last seven months the excess of exports over imports amounted to $120,000,000, as compared with an excess of $15,000,000 in the corresponding period last year, and if the comparision is carried over a twelve months' period, the favorable balance is found to be still greater. I regard this increase in Canada's foreign trade credits as an augury of a not distant improvement in domestic business.

Foreign competition, which for some time past has been anticipated, is now being keenly felt in several basic Canadian products in neutral markets. This situation is due to the advantages the exporting countries abroad possess in their depreciated currencies and cheaper and more industrious labor.

IMMIGRATION.

Immigration has been disappointingly small, and without increase in population, increase in production will remain obstinately slow. The problem belongs to other hands than mine, but I am convinced the day is not distant when this favored land of Canada will be sought by the surplus population of Great Britain and Europe, as well as by those thrifty classes who will here find opportunity for further improving their condition. It is trite to say that if the countryside prospers, the towns will take care of themselves, and it is upon the settlement of our large areas of vacant agricultural lands and the development of other natural resources we must chiefly rely for national growth.

We are fortunate in Canada in having largely escaped the succession of bank failures with large liabilities that have recently been so numerous in the United States and other countries.

In Canada we have had but one instance of this kind in many years, when a somewhat unimportant institution in a neighboring province closed its doors. Much publicity has been given to this untoward happening, out of all proportion to its effect on Canada's financial structure, and it is needless to add that this failure was caused by an inexperienced management and departure from recognized banking principles. It is greatly to be regretted that fairly substantial losses were suffered by depositors who undiscriminately entrusted their money to this institution.

CONDITIONS IN EUROPE.

Taking a general view of European conditions, it is evident that decided improvement has taken place during the last year. Exchanges have gained in stability and a greater degree of confidence exists, with the result that trade is expanding and moving with more freedom. The chief causes contributing to this betterment are the efforts made by various European countries to balance their budgets, and to this end substantial help has been forthcoming through external loans issued under the auspices of the League of Nations, and in some cases partially secured by international guarantees.

Continental currencies have moved in favor of England and the pound sterling has substantially appreciated compared with the United States dollar; but what is of great importance to the international trade is the disappearance of the wide and violent fluctuations which were formerly such a hindrance to business.

The recent German loan—the first step in applying the Dawes plan—was a conspicuous success and has already produced a good effect on international finance.

French Government finances have presented some difficult phases, and the last few budgets have not been balances, resulting in serious inflation, and its accompanying evils. A new internal loan is contemplated for the avowed purpose of consolidating the floating debt, but the terms to the Government are so onerous that it is difficult to weigh the advantage of the transaction.

In Great Britain, the result of the elections has proved to be the chief factor in favor of a recovery in trade, and, with the prospect of a stable government for the next few years, there is a more optimistic feeling current, and already there are distinct signs of trade revival. In this connection, however, it would not be surprising if Germany were shortly to build a wall to keep out British and other goods, unless new commercial treaties are made. She has already drafted her new tariff, with some sixteen hundred articles, all of which will call for high duties.

RETURN TO SPECIE PAYMENTS BY GREAT BRITAIN.

The question of a return by Great Britain to the gold basis provokes considerable discussion, but it cannot be practical politics until the sterling-dollar exchanges reach a point nearer parity, and it does not appear that artificial measures are favored to hasten the event. It seems to me that any artificial method can have only temporary effect and that a return to par by natural causes is most likely to bring enduring conditions. It is not in the least degree probable that Great Britain will take the embargo off gold exports until she has secured ample supplies of the precious metal and feels confident that, once the step is taken, she can continue on a gold basis. Licenses to export gold are at present necessary and are only granted in exceptional cases, but when conditions appear to warrant it, licenses will no doubt be issued more freely and thus a return to a free gold market will be brought about gradually.

CANADA AND THE GOLD BASIS.

As in Great Britain, some discussion has recently taken place here as to the desirability of Canada reverting to a gold basis, and while such reversion carries a sentimental appeal, the time, in my opinion, is not yet ripe for the resumption of specie payments. We should not go upon a gold basis without certainty of maintaining it, and assurance of this is lacking. The reserve of gold in banks and Dominion Treasury is approximately $160,000,000; ten years ago it was $154,000,000, almost as much as now. Meanwhile, both Dominion and bank note circulation have greatly increased, and it is well within probability that upon the resumption of specie payments, after ten years' discontinuance, a considerable demand for gold will occur. It is true our trade balance is favorable, but, on the other hand, our obligations arising out of foreign borrowing have grown rapidly. Exact figures are not obtainable, but it is certain the sum of interest on foreign loans exceeds even now the amount of our favorable trade balance. The former item is fixed and irrevocable, while the latter is variable. Unquestionably, Canada should revert to a gold basis the moment the basis can be held, but it would be financial suicide to resume a position we may be unable to maintain. In natural course, Canada will come among the specie payment countries. At present, our dollar stands at par with gold, thereby permitting conversion of currency when required, and if it should happen that the Canadian dollar falls again to a discount, we may remember that some advantage in exports accrues therefrom, as well as a gain to domestic industries. The country can face without alarm a further period of specie suspension, while keeping the gold basis in view as an ultimate objective.

BUSINESS IN THE UNITED STATES.

The opinion is expressed in important quarters that the business structure in the United States is better than it has been for some time. While buying in most lines continues on a hand-to-mouth basis, the volume is large, as is conclusively shown by the heavy freight shipments on the railroads of the country. Stocks in the hands of wholesalers, jobbers, retailers and consumers are low. and eventually steps to replenish must be taken. Business men generally learned an expensive lesson just after the close of the world war, and it is not probable that large inventories will again be carried, but once buyers become convinced that conditions are to be satisfactory, they will again enter the market. This cautious attitude is one of the big factors making for stability in the future.

With the presidential elections out of the way, all indications point to a period of steady improvement in business across the line. and this will be reflected in Canada in due course.

AGRICULTURAL CONDITIONS.

The crop output has been considerably less than last year, about 200,000,000 bushels in the case of wheat, the decrease occurring in the Western provinces. Against this reduction can be set the higher prices paid for the product, the loss in quantity being nearly recovered in the greater value. This view, however, deals with the aggregate and does not help farmers who have reaped little. Yet, upon the whole, the fact remains that the agricultural condition in the prairie provinces has improved during the last two years, partly because of a bumper crop followed by a fair one marketable at high prices, and partly because of the growth of mixed farming, which gives farmers more baskets for their eggs. The reckless extravagance induced by war prices has also moderated, and it may be concluded that farming in the West, where intelligently pursued, has become a stable industry.

PURCHASE OF MOLSONS BANK.

As you are no doubt aware, there has always existed a close, friendly connection between this Bank and the Molsons Bank since the latter's inception. The sons of a past President of this Bank, whose portrait hangs behind me, were the founders of the Molsons Bank. When it was deemed advisable to amalgamate the Molsons Bank with a stronger institution, and we were approached, your Directors decided to acquire the Bank. It is not necessary here to enter into the details, as these will be submitted to you at the special general meeting called for the purpose, to be held on the 23rd instant.

A WORD OF CONFIDENCE.

My last word is a word of confidence and encouragement. The interests of your Bank are more closely bound up with those of Canada than ever before, and unless Canada prospers the Bank cannot expect the prosperity it should enjoy. I believe Canada will prosper. It offers inducements to immigrants vastly superior to those of other countries which are at present endeavoring to attract citizens. It stands third amongst the countries of the world in natural resources. We possess half of the forest area of the British Empire; our mines produced in 1923, $214,000,000 worth of metals, and the surface is scarcely scratched. Canada stands second in the world in coal deposits. Her water powers are estimated at 18,000,000 horsepower, and she enjoys unexcelled transportation facilities. For those with some capital and a willingness to work, the cheap, rich lands of Western Canada offer a means of healthful subsistence, and, in time, a better competence than can be obtained elsewhere. Yet cardinal virtues must be practised, and I would again stress the necessity for hard work and economy, so often preached and seldom put into practice, and the need for immigration. Given these three things, I look forward with the utmost confidence to Canada's future.

THE GENERAL MANAGER'S ADDRESS.

Mr. Chairman and Gentlemen:—

In presenting for your information and approval the one hundred and seventh annual balance sheet of the Bank, I shall explain briefly the important changes shown therein, and comment upon some of the factors that have had a bearing upon our operations and have influenced the results of our business for the past year.

Our cash, call loans, balances with other banks, government and municipal bonds, and other readily realizable assets, apart from ordinary advances to customers, are about 64.23 per cent. of our total liabilities to the public.

I feel sure that this strong liquid position must be as satisfying to our friends, as it is to ourselves. Depositors, as a rule, display more interest in this feature of our balance sheet than borrowers. but the ability of a bank to withstand any stringent monetary condition without the necessity of calling in advances is a matter of prime importance to those who borrow money for commercial purposes.

SMALL SAVINGS WELCOME.

The increase in the number of depositors in our Savings Department has been greater in the past two years than ever before. I should like to emphasize in connection with the growth of these deposits that this Bank's services are at the disposal of every class of the population, and that we welcome those who with a small deposit wish to open a savings account.

It may be noted in this connection that the rate of interest on savings deposits paid by Canadian Banks, remains, as for many years past, at 3 per cent.; such deposits comprising a large percentage of the total bank deposits. In no other important country have depositors received a rate of interest so uniformly high regardless of market fluctuations in the value of money, except for deposits fixed for periods of three months or more.

You will observe that when our balance sheet was made up the Dominion Government had unusually large balances with us in connection, as many of you are aware, with the retirement of a public loan of $107,000,000 which matured on the 1st of November, and for large semiannual interest commitments.

The operations of the Bank during the twelve months under review resulted in a profit of $4,454,000, being a decrease of $42,000 compared with the previous year. Based on the total of our capital, reserve and undivided profits, these earnings represent a return of 8.06 per cent., which may be described as modest for a business of such dimensions as ours; but, as you know, our first consideration is to keep strong in cash and liquid assets.

The principal cause of our somewhat diminished earnings is that though our total resources have been greater, our commercial loans in Canada are $22,000,000 less than a year ago. It has been impossible to find suitable employment for these increased resources at commercial rates of interest, and as the best alternative we have invested them in gilt-edged short-term securities at less remunerative rates. This is reflected in the following figures:

	31 Oct. 1923	31 Oct. 1924
Commercial loans	$236,000,000	$214,000,000
Investments	103,000,000	140,000,000

Also, the overhead charges of our banks in the way of salaries are greater, and taxation and upkeep have increased by leaps and bounds, whilst banking losses in such times as we are now passing through are far beyond normal.

As you know, this Bank for many years has had important assets in London and New York whose earning power ebbs and flows with the price of money. Interest rates in those centres for months past have been the lowest in years.

The net result of these factors is an uncontrollable diminution in banking profits.

Our two offices in London and our Paris subisidiary continues to progress. During the past year many visitors have made use of the services of these offices, and we trust that travellers overseas will in increasing numbers avail themselves of the facilities which we have provided for their special convenience.

The staff of the Bank continue to serve our interests faithfully. With others of the salaried class, the incomes of our staff have not kept pace with the increasing cost of living during the war and following years. They have thus had to carry their share of the burden of disjointed economic condition, but they will benefit through the return to more normal conditions which we hope is coming. We count ourselves fortunate, indeed, in having had through these troublous years a most efficient staff of unquestioned loyalty.

TRADE CONDITIONS.

Turning now from our own affairs to the affairs of the country at large, it is a matter of national importance that the commercial loans in Canada of all our Banks are $100,000,000 less than a year ago. These figures, taken with a reduction in railroad earnings of $11,900,000 for the same period, and about stationary figures in our total foreign trade, reflect what a section of the community is wont to describe by the expression "business is quiet." A stronger definition might be used without exaggeration.

From another point of view, these figures indicate the ability of the Banks of Canada to finance a trade revival when it occurs. Furthermore, while there is this excess banking capital in the country, borrowing abroad, which increases our interest remittances—already too heavy—is not a necessity.

In the decrease in our importations of goods from abroad there is also a good element, as economically the cost of these imports represents a loss of wealth to the country. Exports show a satisfactory increase over the previous year.

Our favorable trade balance has been derived from the following exports:

Agricultural and animal products	$619,000,000
Wood and paper (including pulp)	256,000,000
Minerals and their products	158,000,000
Other exports	52,000,000

Canada's imports from the United States declined nearly 12 per cent., and United States imports from Canada increased 8 per cent. from the preceding year.

In the past year, New York funds have returned to par or thereabouts, and the premium on the American dollar has, for the time being, at any rate, ceased to be a subject of discussion.

Due largely to the abundance of money and the consequent forced entry of the banks into the investment field, all classes of securities have continued to advance in price during the year, both at home and abroad. Canadian Government issues, in which investors in this country are largely interested, have made new high records, and for the first time since 1915 the Dominion Government has been able to borrow money against the long term securities at a lower cost than 5 per cent.

The strength of the board market in recent months has had the natural effect of stimulating the issue of new loans. Foreign Government borrowings in New York markets this year have amounted to $1,035,000,000, and of this, Canadian borrowings accounted for $200,000,000.

Although the wheat crop in Canada was this year less than for the season of 1923 by something approaching 200,000,000 bushels, fortunately for the farmer the price had advanced to about $1.65 per bushel from about $1.00 last year, so that Canada's gross income from the staple product should be about the same.

The increase in the current income of the farmers in areas which have yielded favorable crops has naturally been reflected in improved financial and business conditions in those districts.

This Bank, with a large volume of loans in Western Canada, has continued its tradition of fair dealing with its customers and has extended every assistance to those who have suffered repeated crop failures. We have followed a policy calculated to keep borrowers on the land, and considering the large number of individual loans, those cases have been comparatively few in which through the action of the debtors we have been obliged to resort to law.

Commercial failures in Canada number 2,488 with liabilities of $69,700,000 for the year ending 31st October last, as compared with 3,427 failures with liabilities of $67,700,000 in 1923.

Adverse rates of sterling exchange continue to be a barrier to Canadian borrowings in England. During the twelve months under review, the rate for sterling exchange advanced from 4.3½ to 4.53, and should the present movement continue, the London market will once more become a field for the floation of Canadian securities, and our services as bankers for new issues, which have been dormant since the war, will again be in demand.

In the United States, lighter demand for available credit resulted in an excessive ease in money for a greater part of the year, making remunerative employment of idle funds difficult. Call money in New York, averaged 3.40 per cent., as compared with 4.85 per cent. for the previous year. Lending to Europe on a greater scale was seen in the ready flotation of foreign loans.

The detailed report on trade conditions in the several provinces will appear in the published account of this meeting. My view, in brief, of the situation is that business generally in Canada is unsatisfactory, but with some bright spots. This expression of opinion may not be popular, but it seems to me much better to look the matter squarely in the face than to allow ourselves to be led astray by popular delusions. That general trade is dull, to put it mildly, is no delusion. Many of our industries are running on half-time, with diminished profits or no profits at all. Taxation is heavy to an extent which discourages new enterprises. The cost of living is high and our population in point of numbers is at a standstill, or worse.

These are the conditions as I see them, but I hope and believe we will emerge from our difficulties presently.

NEW PUBLIC APATHY.

First and foremost I would say that there must be an end to the present apathy along public affairs. In my opinion those who will not go to the trouble to register their vote in municipal, provincial, and federal affairs should be penalized in some form for their indifference.

We all know that apart from the cost and effects of the war Canada's troubles are the accumulated result of what may be termed in mild and temperate language imprudence in affairs.

Good government is a hard problem in any country. No Government can move faster in these matters than public opinion will permit, and upon the people lies the responsibility of voting for economy.

I ventured a year ago to suggest that the government should publish periodically, in simple standardized form, a statement of the public finances, including the finances of the Government Railways, in such a way that the average elector could understand. This should awaken a wholesome interest in the matter, and stimulate a demand for economy which would strengthen Government resistance to appeals for the expenditure of public moneys for anything but positive needs.

CANADA FAVORDED LAND.

We, in Canada, have much to be thankful for. If this were a poor country our case would be a bad one, but we have riches in our forests, our fields, our fisheries, and in our minerals, also in our mighty water powers, and in the industry and ambition of our people.

Where is there a country other than the United States where so high a standard of living prevails? A large portion of the community, notably farmers, who at an earlier date knew little of luxury, now have their electric light, telephones, motor cars, and radios. We have no doles; poorhouses are hard to find, and, comparatively, there is little unemployment.

The United States for the moment possesses a stronger attraction for emigrants from the Old World, but, taking a longer view, canada still stands out as a land of opportunity. Nowhere else in the world can the desirable settler from Europe find such good land, such cheap land, under such stable conditions of government, and so near to great purchasing markets for farm products.

If Canada were a private business enterprise the situation would present no great difficulty, for we are solvent, with wealth vastly in excess of our liabilities and a way would be found by following the obvious course of cutting down our overhead and, by reorganization and rigid economy, to get on a paying basis. In this, two things are essential, lower taxation and at least as cheap living as in the United States.

We have a difficult situation on our hands, but let us not look back or waste time in bootless mourning. Let us get together and, like a sane, capable, and industrious people, put our house in order.

We have a great country and we have the inestimable advantage of living under the best of all flags.

The General Manager then commented upon conditions in Canada, dealing with each Province singly. He also made the following remarks on conditions in Newfoundland.

NEWFOUNDLAND.

It is too early to estimate the results of the fishing season, but it is expected that the catch of cod will be below average. Prices have increased substantially and conditions in foreign markets have already improved. The catch of lobsters was small and the herring pack was not so large as last year. Markets were good and the fish satisfactorily disposed of.

The sealfishery resulted in a total catch of about 130,000 valued at approximately $240,000, as against last year's total catch of 102,000, valued at $209,000.

There has been very little activity in the mining industry during the past year, operations at Bell Island having been largely reduced.

The improvement in the lumber industry noticed in 1923 has continued during the past year mainly owing to the demand for construction purposes. A substantial quantity of pit props has been shipped to Great Britain during the year, but not much new cutting has been done. Large quantities of pulpwood are being taken out by the Newfoundland Power and Paper Company, who have let extensive contracts for this Winter's operations.

The paper mills of the Anglo-Newfoundland Development Company at Grand Falls have been running to full capacity during the year and are now in a position to increase their output to 300 tones per day.

Good progress has been made with the Humber River project at Deer Lake, where the Newfoundland Power and Paper Company are conpleting the development of about 80,000 horsepower. Construction work on their 400-ton paper mill at Corner Brook is also being pushed.

Manufacturers in general report improved conditions, and wholesalers and retailers report payments more satisfactory than a year ago.

The value of the exports from Newfoundland for the fiscal year ending 30th June, 1923, totalled nearly $21,000,000 compared with about $19,500,000 for the previous year. Imports were $19,322,000 as against $18,210,000.

The Funded Debt now stands at about $62,000,000. A further issue of $6,000,000 was recently authorized by the Legislature, the proceeds of which are to be used largely in the building of roads and highways, in improvements to the Government Railway and for general purposes.

The business situation in Newfoundland shows an improvement over last year, due chiefly to better prices being obtained for fish and to the large expenditures being made in connection with the Humber River project.