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BANK OF MONTREAL ANNUAL MEETING.

Among the most important financial events of the year is that of the annual meeting of the Bank of Montreal, which takes place early in June. And the meeting of this year on the 5th inst. is likely to prove of greater interest to the public than any similar occasion for some years back. The speech of the President is always anxiously looked forward to by commercial men. It is expected, and not without reason, that from so well-informed a quarter, and on so fitting an occasion, the public will receive hints of great value regarding prospects financial and commercial, and more or less of new light on the business situation generally. This year Mr. Smithers has more than fulfilled the general expectation as to the importance of what was to come from the chair: he has made statements and enunciated views of the situation which will engage the earnest attention of merchants and manufacturers for some time to come, nay, which may give a decided turn to the course of affairs. It is quite safe to say that all the larger classes of business ventures will be affected to an important degree by these fresh utterances--*ex cathedra*, as we may say—from the principal financial chair in the Dominion. The following is from the *Gazette's* report of Mr. Smithers' speech:—

"The total loans and discounts of all classes upon the 30th April show an increase over the same day in 1881 of \$36,000,000—amounting in all to the enormous sum of \$176,000,000, a sum which I am quite safe in saying they never reached before. In 1875 they touched \$160,000,000, which was thought to be, and doubtless was at that time, a very dangerous expansion; the result proved it, for the banks did not get back to safe limits without passing through a very severe ordeal which overwhelmed some of them, seriously crippled others, and damaged all to a greater or less degree; and in calling attention to the much larger figures which have now been reached, I do not wish to be considered an alarmist; but, to say the least, the figures are somewhat startling. I am quite sensible that the conditions of the country have greatly changed, and we can perhaps carry a heavier load now; still it is the part of wisdom to look the matter squarely in the face. I do not say that I see trouble in the immediate future, but it is well that we should be prepared if it does come. It is quite certain that we—that is, the banks generally—cannot go on expanding at this rate much longer, and the sooner we understand that the better. Of course, much depends upon the crops, about which there is, of course, as yet considerable uncertainty. I do not wish to make any extravagant or exaggerated statements, but I think it is an undeniable fact that trade is not in an altogether satisfactory condition. Complaints are very general that profits are light, and it is pretty well understood that considerable stocks of merchandise have had to be carried over,

and then it is to be feared that manufactures are being, or are likely to be, overdone, at least in certain directions—for example, I find from information obtained from the most reliable source, that there are 13 cotton mills now running, and 6 under construction, making 19 in all, in addition to which we know that many of them have largely increased their capacity, and others are doing so. Another feature of the times which must not be overlooked, is the large falling off in the exports in the face of increasing imports. This has been the case in the United States to an extent which has caused an outflow of gold amounting to twenty millions of dollars since the 1st of January in excess of the amount imported. The same unfavorable balance of trade exists here, but owing to the very imperfect returns published it is difficult to say to just what extent the balance is against us, and impossible to make satisfactory comparisons with former years. It is to be hoped, however, that importations will be light this season. One other point worthy of notice is that it is quite possible that railroad building may be pushed forward in advance of the wants of certain localities, and in that case there will be a halt until the country grows up to it, and that is always a tedious and painful process. We all know what happened in the United States in 1873, and it took until 1878 or '9 for the traffic to overtake the facilities provided for its transportation. With us, in this country, the case is somewhat different, as, whatever may be the fate of some of the minor enterprises projected, the Canadian Pacific Railway, heavily subsidized as it is by the Government, must go on and will doubtless be pushed forward with vigor. The energy with which it has been so far prosecuted is the best guarantee of that. And this brings me to the other side of the outlook, a favorable feature of which is the very large expenditure which is going on in connection with the construction of the Canadian Pacific Railway, and other public works, which puts money into circulation, and contributes materially to the development of the country. This may, and doubtless will, help to defer if it does not avert trouble. It is difficult to overestimate the part that Manitoba and the North-west are to play in the future of Canada. Immigrants are flowing in much more rapidly than the most sanguine of us anticipated, and with them an immense amount of money is also coming into the country. . . . It has become increasingly difficult of late years to make money at banking in Canada. Competition is always on the increase, and additional taxes have just been imposed in the province, though it remains to be seen whether they are constitutional, a question which will undoubtedly be tested. However, notwithstanding all this, if we are favored with a good harvest, which will do more than anything else to stave off trouble, I am not without hopes that we may have a tolerably successful year. I think the outlook is in favor of fair employment of our funds at moderately remunerative rates."

The first impression we get from this statement is that it will surely strike the public mind with great force, and have a great effect on the course of business. And yet by a seeming paradox it may, through its own force of truth, appear by-and-by to disprove itself. In other words, the very truth of