

quired before we again sail in smooth waters. We are likely to have an accumulation of idle money in the financial centres, but this will probably not have any appreciable effect on rates for general business for some time to come, because of the depression in all first-class securities and the difficulty of disposing of the large amount awaiting a favorable market. On the other hand, trade has been prosperous and is fundamentally sound, and while considerable restriction must be expected, we are hopeful that the coming year will be one of reasonable prosperity.

### PRESIDENT'S ADDRESS.

The President then said:

At our last annual meeting, for the first time we presented the information at our disposal regarding industrial conditions in Canada, and in the foreign countries in which we do business, in the form of an appendix to the ordinary report to our shareholders. The advantage of presenting the views of our chief officers regarding the various districts directly to the shareholders, instead of compressing them into the addresses of the President or the General Manager, seemed clear, and we think the experiment has justified itself and may be adopted hereafter.

A year ago the tide of expansion seemed still to be in flood, although in some quarters a check was either in plain sight or had here and there made itself felt. Money for certain purposes, notably in connection with real estate, was not so easy to obtain as in former years, yet little heed was apparently paid to the oft-repeated warnings of bankers and others who tried to forecast the future, although at the end of the year we must conclude that, after all, such warnings did have some beneficial effect. Clearly we have come through a time of difficulty in a most creditable manner, and we can look forward to the future cheerfully if the spirit of prudence which now characterizes our people remains unchanged at least until another good crop has been marketed. Much of that part of our expansion which went too far reminds one of the diseases through which the young have to pass. We are doubtless glad if they escape them entirely, but we have no reason to expect that they will be so fortunate. Some undue speculation in real estate, and some over-building in connection with public improvements is inevitable amidst such astonishing growth and prosperity, and it would be foolish to expect anything else. We are now realizing more accurately the value of real estate, and through the process we are gaining an experience which is absolutely necessary to the foundations of a sound prosperity. The western country as a whole will not again have to suffer from this particular ailment of young communities. We have repeatedly deplored the fettering of the country by the high rent-charge which inflated real estate values impose, and the unfortunate effect of such a rent-charge on the cost of living, and if there is now to be a pause in the upward movement of values, there will in any event be a corresponding gain to all landless people.

Immigration has not yet been much checked by the curtailment of industry, indeed, except from the United States, there has been a large increase during the year. The British immigrants exceed in number the combined total of those from Europe and Asia, and very much exceed those from the United States. The largest increase as compared with the figures of previous years, however, is in the division which includes all countries except Great Britain and the United States. Here the increase, December figures being estimated, is 32 per cent. From Great Britain the increase is 8 per cent., while from the United States there has been a decrease of 17 per cent. There is thus a total increase of 6 per cent., as against 13 per cent. in the previous year. The total number of immigrants, December figures again being estimated, was 417,709, as compared with 395,804, the revised figures for 1912. The total for 1913 is made up as follows: British, 156,873, United States, 115,805, all other countries 145,031. These figures are again eloquent in explaining the conditions of our foreign trade, the total of which for the year ending March, 1913, passed the billion mark for the first time, being \$1,085,175,000. The imports were valued at \$691,943,000, and the exports at \$393,232,000, showing the largest excess of imports we have ever had, namely, \$298,711,000. In the six months of the current fiscal year ending September, the complete figures for which have been published, there is some improvement in the proportion of exports to imports, and since September a greater improvement has taken place. As to our exports we are glad to report an

increase during this period in every group, while there has been a decrease in many of the classes of imports.

We again draw attention to the large proportion of our imports which consists of iron and steel in various forms, not only as raw materials, but as manufactured goods. The total value is about \$140,000,000. May we once more point out that in the main these are articles used in building, or in equipping the country for its future, and that such purchases differ in effect from the import of foodstuffs and other rapidly perishing objects? At the same time we regret that the greater part of these iron and steel goods is not made in Canada now, as certainly will be the case in time. To the extent to which, by making these goods in Canada, we could have lessened the debt represented by the securities we have sold to pay for the difference between imports and exports, we have burdened ourselves for a long time to come. Of course, while workmen are busily engaged in other things, as they have been in Canada, it may be said that they are not available for more work in iron and steel, but as soon as railroad and other building lessens in volume, not in the aggregate but in proportion to other industries, we may hope that we shall be able to make in Canada the larger part of the iron and steel goods now imported. The increased output of our coal and iron mines, of our blast furnaces and of our manufactories, which would result, would be of inestimable value to the country as a whole.

It was evident to any student of the situation a year ago that Canada, and other borrowing countries, would be put to a severe test during 1913. What we were not prepared for was that this country should be singled out as, in some measure, chief among the sinners of this kind. It is well, however, to remember that when money becomes scarce in the great markets of the world, the chief borrower is always told that he has obtained too large a share and that he must stop borrowing for the time being. We had scarcely realized that Canada had become the chief borrower, or practically so, and somewhat resented being held responsible for a situation created by the combined financial requirements of all the active mercantile nations of the world. However, we have had our warning and shall doubtless act upon it.

The fact remains that under all this pressure England has taken more of our securities this year than ever before. She has patiently remembered that we are obliged to finish the many sound and important enterprises, public, semi-public and private, which had been undertaken before the financial clouds began to gather. That such enterprises will command the money of the investor in preference to loans for the rehabilitation of foreign countries devastated by war, or in preference to securities based upon new ventures, we need not doubt, and out of the vast sum available each year in the markets of Europe for new investments, we may be sure of getting a generous share. We shall have to face a keener analysis of the nature of the security offered and the necessity of paying higher rates to the investor, and we shall do well to abstain during the next year or so from seeking to market any unnecessary securities, in order that we may do what we can to restore the balance between the investment resources of the world and the securities offered for sale. It is pleasing in this connection to see that the higher rates of interest offered have opened the markets of the United States to our securities to an extent quite unusual in the past. Now that we have come to a slight pause in the growth of North America, it is well to bear in mind some of the more important things accomplished during this period of expansion. In Canada, in addition to growth in many other directions, we have in sight the completion of two new transcontinental railway systems, and while they have been building, the existing system has successfully established its claim to rank as one of the foremost railway systems of the world. As regards the United States, the Panama Canal is practically finished; a tariff adjustment, the mere thought of which would have created panic a few years ago, has taken place, leaving the outlook in this respect a certainty instead of an uncertainty; a currency and banking bill, for which the country has been waiting about twenty years, has been passed, and a more reasonable attitude has been adopted towards the question of railroad rate adjustment. These are all events of the greatest importance which must profoundly affect the future of the two countries, and so far as Canada is concerned, we may surely feel that we are now entering upon a new and more important phase of industrial life for which our equipment is more adequate than ever before. No more positive evidence of the need and value of such