

has been extremely backward, and the winter wheat has been materially damaged. But fortunately Canada is not now dependent on its grain crop to anything like the extent it used to be—cattle, cheese, butter, and even eggs produce a great deal of money, and the spring crops may turn out well, and in that case the loss of the winter wheat would not be very much felt. The lumber trade looks promising, and sales have already been made at remunerative prices. Looking at the whole situation, although it is not bright, there is no special occasion for despondency, if bankers, manufacturers and merchants will only recognize the facts as they are and face them squarely. Business has undoubtedly been much overdone for a good many years, curtailment is annually preached to both merchants and manufacturers, but it never seems to come in sufficient quantity. There has been no season for a long time back when it was more necessary than it is now. The cotton mills show a strong tendency to over-manufacture—the output should be materially reduced. This also applies to manufacturers of agricultural implements. Stocks of goods all through the country are undoubtedly excessive, and merchants must cut down their importations with an unsparing hand, and scrutinize their credits with more than ordinary care. Bankers themselves have undeniably contributed largely to this state of affairs by too great readiness in the matter of single name advances, particularly to the dry goods trade, enabling them to carry stocks altogether out of proportion to the capital embarked in this business. Unless all this is changed trade cannot be placed on a sound and healthy basis.

DIVIDENDS AND BONUSES.

In conclusion I would like to be permitted to say a few words regarding Dividends and Bonuses. The first, our late President told you some years ago, we calculated on maintaining at 10 per cent., and the object of carrying forward a large amount at credit of Profit and Loss account each year was to ensure that rate of dividend in the event of any great mishap. But I would ask you always to consider a bonus as an exceptional thing—not to be calculated on, but to be viewed in the light of an agreeable surprise. Sir Donald Smith, speaking as Vice-President at the annual meeting in 1884, in the absence of the President from illness, plainly indicated this. He said, in effect, the attainment of the full Rest of \$6,000,000 would give assurance of a steady dividend, and he trusted, a bonus from time to time. Not, as you will remember, a bonus as a regular thing. The fact that a bonus has been given for the three succeeding years no doubt may have encouraged the expectation that they would be paid every year; but the outcome for the last twelve months has proved that this could not have been done now without reducing the Profit and Loss account below the amount the Directors think it should be maintained at, say \$600,000, and I am sure the prudent course in that respect decided on by the Directors will commend itself to all Shareholders who look to the permanent interest of the Bank. I have now, I think, gone over all the ground, but if there is any more information required, I shall be happy to answer any questions to the best of my ability.

The President—We shall now be glad to hear from any gentleman present who may desire to address the meeting.

After some remarks from Mr. John Morrison, Mr. Henry Yates, of Beaufort, trusted that the Directors would see their way to lay a more detailed account of the working of the Bank before the Shareholders. Although it was a very nice thing for a Shareholder to handle his bonus, he did not complain that they had not got one, and he felt that it was for the best, as he always had placed his most unbounded confidence in the management of the institution, and knew them to be both capable and honest. Anything told to the Shareholders by the Directors he felt that all could put their implicit belief in. He regretted the absence of the Hon. Mr. Abbott from the meeting, because that gentleman had done good service to the country in Parliament by breaking up the bucket shops, and he thought he might perhaps impress on him the necessity for some legislation which would better protect the shareholders in banks. So far as the shareholders were concerned they had no "N. P." at all. The money of those who invested in banking institutions circulated through every channel of commerce and they did greater good to the country through their savings than perhaps any other class of the community. At present bank shareholders had no protection, and this condition of things should be altered. He advocated the appointment of an auditor by the Government to look after the monthly statements of the banks and the responsibility of the Government to the shareholders in the event of anything going wrong. While believing that the expenditure made by the management was wise and prudent in the interests of the Bank, he suggested to them that they should consider the question of economizing in the future.

Mr. John Crawford—Mr. President, I suppose the moral of Mr. Yates' speech is that you must not look to the future for too bright a prospect, and that our interest depends upon close attention and keeping down expenses; expenditure in the management of the Bank. Last year, in my innocence, I suggested to you, Mr. President, the propriety of initiating the payment of a 6 per cent. semi-annual dividend. As you had already secured your plum of \$6,000,000, and the very handsome contingent fund of \$600,000, I took it for granted that that was an opportune moment to inaugurate this 6 per cent. semi-annual dividend. I am, however, now prepared to admit, Mr. President, that you were wise in your generation. You did not see fit to accept the gauntlet which I threw down; you were in a clear position to know the assets of this institution than an outsider like myself; in fact you spoke from the fact. With reference to the election of a Director to take the place of the late Senator Hamilton, I might say that the same remarks which I made on a previous occasion when that excellent choice of a Director was made in the person of my friend Mr. McDonald, are applicable now, that as the period for the general election had so nearly approached, it might have been courteous to have permitted the Shareholders generally to have participated in the election of such a qualified Director as the Hon. Senator Abbott, but good and sufficient reasons, no doubt, have induced you to do otherwise. With reference to the appointment itself I have not the slightest hesitation in saying that the choice could not have been improved upon. His profound legal lore, his experience in commercial law, and his influence makes him an especially desirable Director. The policy, however, of recruiting your ranks from other banks, Mr. President, is another point that I am not prepared to discuss, further than to say that it is just possible that reprisals might be made, and I should not like to see a raid made upon the Bank of Montreal and the *crème de la crème* of our Directors carried off. But I am prepared to admit that the Bank has secured a very valuable addition to its Board in the election of Senator Abbott; but if this Bank has attained such an excellent result, what must the Merchant's Bank not have lost. I think, Mr. President, some gentleman said the Shareholders would be perfectly satisfied even with an 8 per cent. dividend, but I think that there are few Shareholders who will endorse that sentiment. If my memory serves me rightly, in 1874, a Shareholder, instead of being satisfied with an 8 per cent. dividend, brought it before the then President, and said: "I trust there is no intention on the part of the Board to inaugurate a 10 per cent. dividend, payable half-yearly." They were then paying 8 per cent. half-yearly, and he wished to prevent them increasing it from 8 to 10 per cent. At that time, I think, the dividend was 6 per cent., with a bonus of 2 per cent. Now, as you have said, our late President intimated that he thought he was prepared to say that 10 per cent. would be the minimum of dividends which this Bank would pay, and, therefore, I am not disposed to accept the suggestion to reduce it to 8 per cent. We all deplore the losses, which must have been exceptional, that have led to the dropping of the bonus paid last year. I may say, Mr. President, that a friend intimated to me a short time ago that it would be desirable, seeing that the bonus cannot be continued, to initiate a quarterly dividend of 2½ per cent., paying a bonus when a fund for that purpose had been realized. It occurred to me that the suggestion was an admirable one, and I know that it would popularize this Bank. I believe it is the tendency of the age to pay quarterly dividends. The British consols now, I believe, pay a quarterly dividend, and I therefore see no impropriety, whatever, in inaugurating an annual dividend of 10 per cent., payable quarterly. Of course I expect opposition from the management side of the house, because it will entail a little more labour, but even that labour I think, as a rule exaggerated, and if it were once established I am sure every Shareholder would be delighted. I would like to add a word with reference to the gross earnings. I have heard the President himself say that you are desirous of taking the Shareholders into your confidence, and I would like, Mr. President, an illustration of that confidence by your producing next year a statement of the gross earnings of the Bank. By so doing we will be able to arrive at something like a definite percentage of the expenses in proportion to the management of the Bank. There is a feeling abroad that the expenses have increased very materially. We all know what salaries and emoluments were created in prosperous time, and these should not apply forever unless there be corresponding results. I merely throw out this hint, feeling assured that in the near future the Shareholders will insist upon having a statement of the gross earnings, because there is no other means by which they can know whether the Bank is extravagantly or economically managed. Is it not fair and reasonable that this information should be placed in our hands? I know bank managers, as a rule, are opposed to the payment of maximum dividends and prefer to tickle the tastes of the shareholders by an occasional bonus. I trust that this contingent fund will not be encroached upon until it reaches a million dollars, and that after that you will elect to pay a 6 per cent. semi-annual dividend or a quarterly dividend of 2½ or 3 per cent. Before sitting down I would also like to ask what the appropriations for bad and doubtful debts have been during the past year? I think the management of all banks are in the habit of saying that they have made ample provision for all bad and doubtful debts, and of furnishing the Shareholders with the net result, but I think they would like to know what the appropriations for this purpose have been during the past year. I wish also to allude to one other point and that is that it has been suggested to me, that this Bank holds a considerable amount of provincial bonds. There has been some little flurry and excitement in the newspapers as to the propriety of calling them in and re-issuing them at a smaller figure. If it is not too inquisitive, might I ask, if the Bank itself holds such securities, and what is the impression with reference to them?

Sir Donald Smith—I need hardly say that we have listened with very great interest to the remarks made by Mr. Morrison, Mr. Yates, and Mr. Crawford, and it is satisfactory to the Board to know that our policy of being conservative in the management and is endorsed by those gentlemen, as no doubt it will be by the Shareholders generally. Mr. Crawford referred last year to the election of a Director almost immediately before the annual meeting. I then mentioned in reply to him that the Board were only acting in accordance with the provision of the by-law of the Bank which, to provide for a vacancy in the directorate, says—"Then the remaining Directors shall from the qualified Shareholders fill up the vacancy for the unexpired period." I am glad that Mr. Crawford has expressed his unqualified satisfaction with the appointment that has been made. With regard to quarterly dividends, and the publication of gross earnings I have no doubt that the Board, which may be elected now, will be very glad to take that proposition into their careful consideration. It has not been customary to give information with regard to profits, and I am not prepared to do so now. With reference to Mr. Crawford's question regarding the Province of Quebec bonds, I can answer that the Bank holds something like \$50,000 of these bonds. We have seen it stated in some newspapers that the Premier of the Province of Quebec had expressed himself to the effect that it was not only possible, but that it was quite legal, for the Province to call in those bonds and securities at par, and to consolidate them at a lower rate of interest without the consent of the bondholders. This report is not substantiated, and we can hardly suppose that the Hon. Mr. Meier, who is so astute and experienced, and who has so much responsibility devolving upon him—even if this consolidation were possible, which we really cannot bring ourselves to believe—would make such a statement. I should hope that the honourable gentleman has been misinterpreted. I cannot think that the Government of the Province would treat these bonds and securities as if there were no agreement between the debtor and creditor as to time, and it could not be otherwise than disadvantageous to the credit of the country if such an impression should go abroad in the money market.

THANKS TO THE PRESIDENT AND DIRECTORS.

Mr. Crawford—I am very glad to have an opportunity to move a vote of thanks to the President and Directors. Most of us, if not all, will believe that the losses, however heavy they have been during the past year, were those which in the ordinary course of things could not be foreseen or averted. The Bank of Montreal, I need scarcely say, is the third largest joint stock bank in the world. I believe that administering as it does fifty millions of money, with its vast assets scattered over the vast area of this Dominion, extending from the Atlantic seaboard to that of the Pacific, the only country so extensive with the important exception of the United States, it is difficult to imagine that a bank can under such circumstances escape some losses. I think, sir, it is fair to assume that the Directors hardly realize the great responsibility which they assume in undertaking to dispose of fifty millions of money. It is certainly a stupendous trust for them, and requires the greatest assiduity and fidelity, taking into consideration the extent of that trust. I think that the Directors who ourselves regret the necessity of withholding the bonus to which we have been accustomed for some years, but there is this to be considered, do we not deserve some blame for encouraging the Directors by a constant desire to create larger dividends, to hoist more sail and therefore to provoke greater debts? We have no reason under the circumstances, I think, to be aggrieved at a 2 or 3 per cent. of what we call proper profits being converted into so much loss. The gist of what I would say is simply in the following few words: Had the Board seen fit to encroach upon the contingent fund of \$600,000 in order to pay a bonus notwithstanding that there was great pressure brought to bear upon them to do so, I hesitate not to say that the confidence hitherto reposed in them would have been shaken, and moreover they would have been disloyal to the Shareholders and to the Management of the Bank. I beg to move—

That the thanks of the meeting be presented to the President, Vice-President and Directors, for their attention to the interests of the Bank.

Before asking you, Mr. President, to put this motion, I may say that I do not wish either the Directors or the Shareholders to imagine that there is any Shareholder who would have been less satisfied had the Board been able to declare a bonus as they did last year.

Mr. R. B. Angus—As the meeting has been so prolonged I will content myself with simply seconding the resolution which I do very heartily. It expresses the thanks of the meeting to the President and Directors for their attention to the interests of the Bank during the past year, and I hope will be accepted by them as a vote of confidence in the Board, as at present constituted as meeting the entire approval of the Shareholders.

The motion was carried unanimously.

The President—On the part of my colleagues and myself I have to return you our very best thanks for the confidence you have expressed in us, and to assure you that we are fully conscious of the great responsibility resting upon us.

THANKS TO THE GENERAL MANAGER AND OTHER OFFICERS.

Mr. A. T. Patterson moved, seconded by Mr. W. C. McDonald.

That the thanks of the meeting be given to the General Manager, the Inspector, the Managers and other officers of the Bank, for their services during the past year. Carried.

Mr. W. J. Buchanan—On my own behalf and on that of my colleagues in the service, I will say simply that we are exceedingly obliged to you for this resolution.

Mr. Hector McKenzie moved, seconded by Mr. Geo. Macrae, Q.C.:

That the ballot now open for the election of Directors, be kept open until 3 o'clock, unless fifteen minutes elapse without a vote being cast, when it shall be closed, and until that time, and for that purpose only, this meeting be continued. Carried.

A formal adjournment then took place. The scrutineers reported the following gentlemen as duly elected Directors:—Hon. J. J. C. Abbott, Geo. A. Drummond, E. B. Greenshields, Hugh McLennan, Alex. Murray, W. C. McDonald, A. T. Paterson, Sir Donald A. Smith, K. C. M. G., Gilbert Scott.

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