

The Canadian Bank of Commerce.

Annual Meeting of Shareholders.

The forty-second Annual Meeting of the Shareholders of The Canadian Bank of Commerce was held in Toronto, 12th January.

After submitting to the meeting the Directors' report for the past year and the balance sheet, the General Manager addressed the meeting. He spoke in part as follows:

General Manager's Address.

The net profits for the past year show a decrease of \$125,016.89 as compared with the figures of the previous year, but they are slightly in excess of 16½ per cent. on the paid-up capital, and under the circumstances we feel that this result is a very satisfactory one. Had it not been that the volume of our loans was well maintained during the early part of the year, the decrease would have been much greater.

We have paid the usual dividends at the rate of 8 per cent. per annum, and after providing for customary payment to the Pension Fund and for some special subscriptions, and adding \$1,000,000 to the Rest, we have been able to set aside \$300,000 for Bank Premises Account, and to carry forward undistributed profits of \$161,244.88. This emphasizes the position this Bank is in as regards the maintenance of its present rate of dividend, and, while some of the shareholders may feel that they are entitled to a larger distribution of the profits of the Bank, we believe that the majority will agree with us that the present moment, when we are facing a period of diminished demand and consequently lower rates for money, is hardly opportune for the consideration of this question, and that policy your Executive has followed of strengthening the foundations of the Bank is that which will tend most surely, in the not distant future, to the realization of the hopes of those who look for increased returns. It is possible that some may think our expenditures on bank premises might now be lessened to some extent, and in this connection we may say that the principal buildings which we feel at the present time are necessary should, in the course of the next two years or thereabouts, be completed. But the rapid extension of the Bank in the newer parts of this country, and the remarkable growth exhibited by many of the cities and towns of these new districts are constantly making demands upon us for accommodation which we find it difficult—indeed, well nigh impossible—to obtain in any other way than by erecting our own buildings.

During the year our deposits have increased by \$7,996,738, or almost eight million dollars, of which about six million dollars is in deposits bearing interest. It may be interesting to note that, starting last year with deposits of \$87,041,057, some of which were of a temporary character, being balances of large accounts in process of adjustment, there was a decrease until April, when we reached the lowest point, \$82,257,018. The past six months showed a steady increase, culminating in our record of \$95,037,796. On the other side of the balance sheet, our loans stand at \$87,692,785, as compared with \$88,768,829 in our last report, the decrease being mainly under the heading of "Current Loans and Discounts" which represents almost entirely our share of the commercial loans of the country. In this item the decrease is \$7,378,622; while, on the other hand, our Call and Short Loans have increased \$5,241,327.

We have not had a recurrence of the difficulties attending the marketing of our crops, and perhaps a word on this question will not be out of place. There was little or no apprehension of stringency during the crop season. Our easier financial position, the wise provision for an emergency circulation, and the fact that a large

portion of the crop was moved with exceptional rapidity before the close of navigation, all tended to obviate these difficulties; still there is much need to consider seriously permanent measures for financing a crop movement of such large proportions. It is manifestly necessary that there should be a larger amount of bank capital available as a basis for our circulation, but, even with considerable augmentation of bank circulation and the thoughtful interposition of Government measures of relief, we shall still be brought face to face with the difficult problem of taking care of immense stores of grain after the close of navigation, when the interior movement is over and the grain is warehoused at terminal points.

In November, 1907, when the foreign loans of Canadian banks were at their low point—\$64,774,000—the Canadian banks held deposits elsewhere than in Canada amounting to \$54,819,000, so that not more than \$10,000,000 of Canadian funds were being lent outside Canada. Moreover, the larger portion of these loans is carried in New York at 24 hours' call—practically as readily available as cash. Except at rare intervals, New York call loans bear a much lower rate of interest than Canadian mercantile loans; consequently the banks aim to carry only such amount at call in New York as, with the cash carried here, will constitute a reasonable reserve of cash and immediately realizable funds. Notwithstanding all that financial critics have written about the Canadian banks sending to New York moneys needed in Canada, in order to take advantage of the high rates occasionally prevailing there, such a thing as a bank curtailing its commercial loans in Canada for a purpose of this kind is absurdly improbable. Only occasionally during the past fourteen years have excessive rates for call money in New York prevailed for more than a few days in the year, and no sane banker would think of sacrificing permanent business connections in Canada, of even the smallest kind, for such a temporary advantage. Self-interest will at times be a sufficiently weighty force to prevent the banks from lending Canadian funds outside of Canada, except to the extent that is necessary for the purposes of their cash reserves.

From the figures quoted above it will be seen that, so far from the business interests of Canada being prejudiced by the policy of the Canadian banks in this matter, they are actually benefited, and in no small measure, since the deposits gathered abroad supply a large part of their cash reserves. Had the banks at the date mentioned had no deposits and no loans outside of Canada, only \$10,000,000 would have been added to their resources at home, and this would not have been lent for commercial purposes. On the contrary, in order to bring the total reserves up to the normal level, not only would it have been necessary to add this sum to the cash reserves carried here, but also to withdraw a further large sum from mercantile loans.

During the panic in the United States some of our newspapers published sensational and misleading articles to the effect that the funds lent by Canadian banks in New York were tied up and could not be got back to Canada. Notwithstanding the severity of the panic, however, there was not a day during which moneys lent to New York brokers on call could not have been got in, and while it is true that, if it had been desired to ship money to Canada direct from New York, a premium of 3 to 5 per cent. would have fallen to be paid, on the other hand, New York funds could at any time have been exchanged for drafts on London, and

the gold brought from there—indeed, this procedure was followed to a considerable extent by the New York agencies of some Canadian banks. No more convincing evidence could be had of the availability of call loans in New York than is afforded by the experience of last year.

On the general subject of the moneys lent in the United States, it may properly be argued that reserves are for use in time of emergency, but on this score it can be shown that the course of the Canadian banks last autumn was not at all open to criticism. In the month of September, 1907, the total loans of Canadian banks outside of Canada amounted to \$88,953,000, while at the end of November, when the stringency was most severe, they had been reduced to \$64,774,000—from which it will be seen that the banks had drawn upon their outside reserves to the large amount of \$24,000,000 to meet the necessities of the mercantile community in Canada.

The President then moved the adoption of the report and said in part:

President's Address.

It is hardly necessary to say that the conditions of business are very different from those a year ago. We were then required to meet the serious lessening of our purchasing power because of poor crops in Canada, and our share of the result of the culmination of a world-wide expansion in general expenditure, and particularly in the fixing of capital in public and private improvements. We have now had a year in which the pace of expenditure throughout the world has been sufficiently checked to ease the money markets, and in Canada we have gathered an excellent harvest. Better class securities almost everywhere have recovered in price to such an extent as almost to wipe out the apparent losses which seemed so serious a year ago, and which were, of course, real to those who were forced to sell. The lessening of our power and disposition to purchase goods has naturally lessened the profits of many manufacturers and merchants; but all this was inevitable, and I think those who consider sufficiently must conclude, as a year ago we suggested would be the case, that we have suffered far less than most other countries. Whether we have suffered enough for our own good is another matter.

Ontario and Quebec.

While the results of the year's farming operations have been a fair average in Ontario, they have been below the average in Quebec. Spring conditions were favorable in most parts of Ontario, but the season was late in Quebec and Eastern Ontario. In both provinces the unusually dry period during the summer affected the yield in the case of many crops, and the farmer suffered like others from the decline in prices. Still, the year was one of prosperity, although the farmer's purchasing power is for the moment lessened by the effect of the poor crops in 1907. The acreage of fall wheat sown in all Canada for the crop of 1909 is five per cent. less than normal, although there have been great increases in the three prairie provinces and in Quebec. The reduction in the general average is caused by the Ontario acreage falling to 86 per cent. of the normal amount owing to the drought and consequent bad condition of the ground for working. Any loss due to this will doubtless be made up in other directions. Hay and pastures generally were, of course affected by the drought. The value of the hay and other fodder crops, of potatoes and roots, including sugar beets, in Ontario and Quebec, is very great, and yet in discussing crops from year to year we are apt to forget the importance of these relatively to the cereals. The Government report for November shows the value for all Canada of these root, seed, and fodder crops to be \$186,000,000, of which 48 per cent. was grown in Ontario and 28 per cent. in Quebec, the money value for 1908 in the two provinces being \$142,500,000.

For a second time dairy exports are much less than for the record year of 1906, and while this is partly due to the lack of rain and a lessened number of milch cows, we have apparently come to a point in the trade where its growth cannot be judged by the exports alone as it has been possible to do heretofore with a fair degree of accuracy. Fortunately the statistics now published by the Dominion Government make a study of the subject quite easy. There has been another marked decline in the total value of cheese exported, the quantity shipped from Montreal being valued at only \$17,142,000 against \$20,941,000 in 1906, although the average price was the highest on record. In butter there is an improvement of about 50 per cent. over the extraordinarily low figure of 1907, but even then we show exports valued at only \$1,266,000, as against \$7,400,000 in 1905. If we compare 1908 with 1903 the loss in value of dairy products exported is about \$8,000,000. If, however, we take into account the requirements of our greater population, an increased supply worth about \$9,000,000 is now required for home consumption. But this is not a sufficient explanation, because the decline in exports has been as great since 1906 as since 1903. There is no doubt that it is also due in a large measure to the more lavish expenditure at home for all dairy products owing to our increased prosperity. The total value of the entire dairy product of Canada for 1908 is estimated at \$94,000,000. There are in Quebec 2,806 factories for the making of cheese or butter, or both, and in Ontario 1,284, while in all the rest of Canada there are but 265. This comparison gives some idea of the opportunity for expansion in this most valuable branch of farming. No matter how great is the home consumption the growth of our dairy business should be great enough to provide for it, and barring lean pastures, to increase annually the quantity available for export. It is most unfortunate that at a time when there has been drought in Australia and New Zealand the same thing has occurred in Canada. As a consequence the falling off in the supply of colonial butter in Great Britain has been so great that prices have been the highest in twenty years, and foreign butter makers being unable to supply the deficiency to any considerable extent, it has been supplied by various cheap substitutes for butter, doubtless to the disadvantage of our future trade in the real article.

Manitoba, Saskatchewan and Alberta.

There is little to say this year about the prairie provinces that is not pleasant to hear. So far as agriculture is concerned the work of seeding was done under very good conditions, and with ideal weather in June, the sanguine hopes of early July, which went as high as 125,000,000 bushels for wheat, were not without justification. But July was too hot, and in August there was some frost. The total yield did not come up to the calculations of the most optimistic, but it is the largest ever secured in all kinds of produce. Both yield and grade, when the grain was not frosted, were good, and with prevailing prices the money return is, of course, larger than in any previous year. Our estimate of the total quantity of cereals is as follows: Wheat, 106,040,000 bushels; oats, 103,200,000 bushels; barley, 23,380,000 bushels; or in all, 232,620,000 bushels, against 160,000,000 in 1907, and 32,000,000 in 1900. The West has seldom had a season more favorable for the threshing and movement of the crop, and also for the preparation of the land for the following year. As a consequence it is estimated that the acreage for 1909 will exceed that of 1908 by 15 to 20 per cent., making a total acreage of 11,500,000, of which about 7,250,000 will be in wheat. With this bountiful crop for 1908 and the handsome promise for 1909 it is well not to forget such years as 1907. There are many avenues of economy