

GENERAL MANAGER'S ADDRESS.

It is not easy in a few words to describe the condition of agriculture and trade in Canada during the past year, except that the general result has been unsatisfactory. Our farmers in Ontario have suffered so much during the past three years from meagre crops and low prices that their purchasing ability has, as we all know, seriously diminished, and with their customary caution even those who are able to buy have become very economical. On the one hand we see the desire to get out of debt, shown by the continued satisfactory payment of implement notes and maturing interest on mortgages, with some reduction of principal, and on the other a determination not to buy anything that can be avoided. Eventually this must produce good results to the country as a whole, but for the time being it means the steady restriction of the volume of trade. What with the farmers' inability to buy and the concentration of business in the departmental stores, it is not surprising that the country dealer has in many cases been obliterated.

We are passing through what is always hard to hear patiently—a period of readjustment, not essentially different from other recent periods of readjustment, but much more widespread and severe in its results. The general range of prices has fallen, a more economical scale of living is being forced upon almost everybody, profits in business have been cut down most seriously, and the volume of trade is not only much diminished, but enormously so when measured in money. Few can escape the effect of this, whether they be farmers, traders, manufacturers, or bankers.

AGRICULTURAL INTERESTS IN ONTARIO.

Those who indulged, a year ago, as many of us did, the hope that a revival was not far off, are able now to understand why it has been delayed. The grain crops in Ontario varied considerably. With a somewhat better price for wheat, no longer an important crop here, we had an unsatisfactory yield, while the satisfactory crops in coarse grains met about the worst market on record. In the dairy and cattle-feeding departments of farming, the present much improved conditions came too late in the year to more than mitigate an otherwise very bad situation. The one exception was enjoyed by those who were fortunate enough to have a good supply of properly-fed hogs to sell.

Our business, however, is to address ourselves to the year which lies before us, and whether it be because we are always hopeful at this time of the year or not, there seem to be many things working together for an improvement. The weather, it is true, has been cold and wet, but while this may not be good for some growing things, in this grazing and dairying province splendid pastures and the promise of a fine hay crop is one result, and this will outweigh any damage to grain crops, although there is no reason to apprehend very much damage at the moment. We are reasonably certain, therefore, to increase our product of cheese, butter and fat cattle, in view both of the abundant grass and the improved prices, while the promise of fruit is almost as great as last year.

It will be remembered that in our great industry of cheese-making we had to report an unfortunate condition as to prices last year, the first serious check we have ever experienced. We had shipped 165,382,000 pounds, as against 147,039,000 pounds for the previous year, yet had received \$570,000 less in money. For the season 1896-7, the figures are reversed. The year began with very low prices, reaching indeed the lowest point since 1879. This naturally produced an increased consumption, and the season closed with very small stocks on hand, the price having correspondingly improved. During the year we shipped 162,844,000 pounds, against 165,382,000 last year, but we received \$14,316,000, against \$14,140,000 last year, or \$202,000 more money for

2,538,000 pounds less cheese. But inasmuch as a heavy stock of Canadian cheese was in the dealers' hands at the close of 1895-6, which appears in the returns as shipped in the season of 1896-7, while a very light stock existed at the close of 1896-7, it is estimated by some experts that the quantity made last season was 8,000,000 or 9,000,000 pounds less than in the previous year, the highest ever reached.

The market opened this year with active buying at old-fashioned prices, and as we have said, considering the price and the condition of pasture, we may hope for a very satisfactory season.

The natural effect of low prices for beef and bad hay crops has been to create in North America a scarcity in fat cattle, and now that prices have advanced an active market has opened in the United States for both fat animals and those in condition to be put on grass. It is to be hoped that this will not have the effect of lessening the number to be fed in Canada this season. Cattle, as a rule, came through the winter in good condition, and brought fair prices this spring, so that this industry—one of the most important in this province—may now be said to be again on a satisfactory footing. Following the collapse in the trade in horses, caused by the introduction of electricity as a carrying power, a trade is being slowly built up in a special breed of heavy draught horses suitable for Europe. The four-legged animal which has paid the farmer best, however, is the pig. In connection with the proposed free import of corn, much has been said about the quality of our hogs, as compared with those fed in the corn belt of the United States. Quite apart from the general merits of free corn, it is well to bear clearly in mind that we have built up a position for our bacon in Great Britain which places it in the first rank, and while this is largely due to good curing, the foundation is a well-fed pig. It has taken years to establish the reputation and obtain the extra price for bacon made from our pea-fed hogs, and this may be ruined in a few seasons by feeding our hogs mainly, or to a greater degree than heretofore, on corn.

LUMBER.

It is to such a degree a time of waiting in connection with the lumber business that it seems hardly safe to say much about it. Those who are able to make timber, deals and thin lumber for the British market are in these respects doing as well as ever. The cut of deals in the Ottawa district has been already sold at satisfactory prices, and although there is a larger quantity in this country than since the season of 1880-00, this is owing to the high freight rates demanded last autumn, and is counterbalanced by correspondingly lower stocks in the yards in Great Britain. The lumber which comes from the remainder of the cut where deals are made, and the entire cut in districts where the pine is of inferior quality is in the main prepared for the United States market. That so long as vast quantities of Canadian logs are exported in order to supply Michigan mills with sawing, our lumber should also go free of duty into the United States, is a statement which would be accepted by any fair mind if tariffs were based upon the principle that trade relations to be lasting must have reciprocal advantages. But we are face to face with perhaps the most narrowly selfish attempt ever made by a nation to absorb all the advantages of trade with other nations and give nothing in return. If the duty on lumber is put at \$1, with no import duty on logs, we would doubtless impose no export duty, but if a prohibitory duty is to be imposed on lumber and pulp, while sawlogs and pulpwood are to be admitted free, this will practically stop all manufacture of lumber and pulp in the portions of Canada less favored than others for the European trade, and it will remain for us to consider whether we are to submit to such an unfair action by the United States. In the meantime large stocks of lumber are held in Canada,

and the cut of logs, whether intended for manufacture into lumber at home or in Michigan, is much curtailed. As we have said, we are waiting, both for a settlement of the tariff and a revival of trade with the United States.

MANITOBA.

Manitoba has had a different experience from that of Eastern Canada. The grain crops were considerably smaller than the enormous yield of 1895, but the price for wheat was better. The cattle shipments were also smaller and the price unsatisfactory, but the results of the year, as a whole, were not bad. When we consider that about 25,000 farmers in that province have received over \$20,000,000 for their labor during the last two years, we need not wonder at the debt-paying and purchasing power they have exhibited at a time when the ability of others in this respect has been declining. Farmers are paying, both as to interest and principal, very satisfactorily, and payments generally are described as exceptionally good. The volume of trade is increasing, although the farmer buys now with very much greater discrimination than in the days when he could be got to buy almost anything for which he had only to give a note in exchange. The area under crop is from 10 to 20 per cent. greater than last year; a large cattle trade is expected; the weather has been most favourable; markets, whether temporary or permanent, are being opened up for flour throughout the eastern and southern parts of the world, quite largely in China and Australia, and altogether the business atmosphere in that province is cheerful.

MINING.

Our interest in British Columbia is as yet indirect, the bank having no establishments in the Pacific Province, and having regard to the great wave of mining development and mining speculation which is passing over the country literally from the Atlantic to the Pacific, we are naturally more interested in our own province than elsewhere. That there is gold in many parts of Canada, including several districts in Ontario, is established beyond doubt. That much of it may be mined at a profit we believe to be quite true. Let us not, however, place our expectations unreasonably high. It is well to remember that if mining pays fair wages to those engaged in it, and a fair dividend on the capital employed, that is all we have the right to expect. The world is full of men looking for only fair wages and of capital seeking only a fair dividend. It is also well to remember that mining is a business requiring large capital, and not to absorb the first earnings as a further investment of capital before settling down to the payment of steady dividends. It also requires, like any other manufacturing venture, absolute knowledge of the business in all its details, if success is to be confidently relied on. But like other manufacturing ventures, if skill and capital are properly applied, the result will, in the majority of cases, justify the venture. We hope, however, it will not be taken amiss if we compare this kind of mining with much that is going on in Canada at present. Many of the ventures offered to the public do not seem to be backed up by skill in the particular business of mining and adequate capital, and in such ventures hundreds of people are risking sums, not large in themselves, perhaps, but of great consequence to the owners, who, in the majority of cases, we fear must lose. No one really interested in the great future which mining doubtless has in Canada, will, we think, dispute the wisdom of such a note of warning at the present time.

Since 1800 we have experienced, in common with other countries, various phases of financial unrest and business depression, and we are not yet completely assured of an immediate return of general industrial growth and prosperity. In Great Britain, from which came the first note of these evil days, prosperity has returned, aided no doubt by great public