

THE BANK OF MONTREAL.

1880.

Who has not felt the still doubtfulness of that moment when the fury of a storm has expended itself, and the alarmed traveller gazes anxiously around the horizon in hopes of welcoming signs of clearing weather, while still in half dread that perhaps the elements are only gathering strength for another onslaught upon Nature? The illustration applies aptly enough to the aspect of commercial affairs in the city of Montreal and Dominion of Canada at the present time. The financial reverses of the past half-dozen years have cut so deeply into our national prosperity that though the wound may slowly heal, the scar will long remain.

The lapse of another year again brings round the duty of inditing the above heading; and in glancing at the present condition of the leading financial institution of the country, of taking in also, what such a study necessarily involves, a general though cursory view of the commercial prospects of the Dominion. And at the outset we hardly lay claim to sufficient weather-wisdom to say with the infallible (?) certainty of a Vennor whether the storm-cloud has finally passed or not. Let the relation of facts, however, guide each one interested in forming his own opinion.

It is too soon yet to forecast, even approximately, the harvests of the world, the statistics of which enter so largely into the political economy of nations. Lumber is looking up, which for the Dominion is a welcome sign of at least a partial return of prosperity; but, on the other hand, the strange anomaly still exists, money is not wanted. The times are still hard, the poor are leading a starvation life, while the banks' cellars are full to repletion of unemployed funds. If any good is on its way from the reconstruction of the Tariff, we have certainly about used up our patience in waiting for the expected improvement. It is delightful to learn from more sanguine channels that the end of all our miseries is "coming."

For the elaborated details of the annual general meeting of the shareholders of the Bank of Montreal, which took place on Monday, June 7, we must refer to the published report. Our line is now more in the nature of comment than of tabulated figures and technical statements. This meeting was of more than usual interest, from the fact of a change in the general management having taken place, as may be remembered, at the beginning of last November. Mr. Smithers, formerly the bank's agent in New York, who took the place of the late manager, Mr. Angus, had thus had only six months actual experience of his charge on the 30th of April, the date of his report. This short period of time he has evidently improved with the ability and application of a banker of the very highest order. His policy of doing at all times a very large and very safe business with small profits in the Dominion, and as large a one as he can in the United States with larger profits, is preferable to seeking more seemingly lucrative channels of investment with undoubtedly a greater risk. The net profits, after deducting all losses and expenses of management, are appreciably better than they were on April 30th, 1879, by some \$400,000, the gross receipts, however, being a little less. That the much-talked-of business revival has not practically arrived is attested by the fact of the bank being still compelled to keep unemployed a large portion of its funds. Money is going a-begging in the most lamentable manner. Our own Dominion is afraid to use it; England does not want it, or only at absurdly low rates. The United States, however, form a striking exception to the general prevalence of continued depression. There, a most marked improvement has taken place, which, we may incidentally remark, is now causing the greatest rush of immigration from the Old World ever experienced. Money being once more placed in healthy circulation, the Americans can of course afford to pay remunerative rates of interest for loans, and they are not afraid to operate boldly and skilfully with their funds. It is almost entirely to the neighbouring Republic, as we learn from the report, that the shareholders of the Bank of Montreal are indebted for the improved prospects of the affairs of that institution. No wonder then that the management has gladly availed itself of this hopeful source of business. We think the shareholders and the public may be thankful that Mr. Smithers has such a valuable American experience. Montrealers have hitherto been too conservative to send such large sums to the United States, and now that the policy is adopted, and still more as it is about the only one available at present, it is satisfactory to feel quite safe in the matter. We will consider then the subject of the loan by the Bank of Montreal to the St. Paul, Minneapolis and Manitoba Railroad Company, as this especial transaction has been forced into an unwarranted notoriety. We had thought that the explanations of last year, coupled with the known fact that the bank was making a good deal of money from its new customer would have proved satisfactory to those nervous spirits who are still making anxious enquiries about the matter. And we cannot dismiss the mention of these croaking obstructionists without protesting that the gentleman who rendered himself so unpleasantly prominent at the meeting altogether transcended the limits of that fair and gentlemanly criticism which the directors so honestly held open to all. Mr. Ramsay brought up the question civilly enough, and the President, Mr. George Stephen,

who was in the chair, evinced every disposition to deal openly with it. Mr. Buntin's attack and unjustifiable personal insinuations as to the gentlemen connected with the St. Paul and Minneapolis scheme, were quite uncalled for, and not unnaturally recoiled upon himself and the small, fidgetty party he represents. At the same time we congratulate the bank on at last unburdening itself of the facts and figures of what now stands revealed as a very safe, legitimate and profitable line of business. But the President was certainly under no obligation to adopt this course. Private accounts are and must always be, private accounts, and should, except under extraordinary circumstances, be respected as such. Still there are occasions when reticence may be interpreted as fear, and in such instances as this one it is wise to tell all there is to be told. \$700,000 is about the amount of the advance, which was made in the ordinary course of business on the most undoubted security, the greater portion of which is in the shape of Receivers' certificates, the most positively certain form of security to be obtained. We could wish for the sake of our Canadian shareholders, that opportunities might be found of investing many times the amount named on similarly advantageous terms.

The ventilation of this business is not quite complete without making a note of the fact, that Mr. R. B. Angus, the former manager of the Bank of Montreal, and now connected with the St. Paul, Minneapolis and Manitoba Railroad, had not, nor did he even expect to have the slightest interest in the concern at the time that the advance was made. We felt confident on this point before it was positively asserted by the Hon. D. A. Smith. The shareholders, and indeed the public in general, will long have cause to remember with gratitude the successful skill with which Mr. Angus piloted the old ship during the critical period of the last few years.

The irrepressible Mr. John Crawford was to the fore again on his old hobby of auditors. He considered that the Government had acted very unwisely in making no provision in the new Banking Act for the appointment of auditors to overlook the accounts. The SPECTATOR'S views a year ago of the then mooted question, viz., the yearly appointment of auditors by the shareholders at the annual general meeting, seems to have been sustained by the gentlemen at Ottawa, who have no doubt examined very carefully into the subject. However desirable in theory a periodical audit might be, in practice it is almost an impossibility. We believe it was only the extreme panic prevailing a year ago in the minds of commercial men which caused the subject to be brought forward at all; and until another crisis occurs we have an equally firm conviction that it will be as well to let it now rest quietly on the shelf. In any case, the existing system of inspection of branches by officers of long experience, who devote their whole time to the work, seems to us better than any other system of audit that could be devised.

Some criticism has been expressed by those who naturally have a liking for a good fat semi-annual dividend, as to the reason why, with such a large increase in net profits over the preceding year, a reduction of the last half-yearly dividend from five to four per cent. should have occurred. The answer shortly is "unexpected losses." Now, it will be remembered that the last report stated that it was thought that ample provision had been made for any unforeseen contingencies which might arise, by an appropriation of about a tenth part of the bank's "Rest." That appropriation did not however prove altogether sufficient and the alternative subsequently presented itself of still further encroaching on the convenient Rest, or of declaring a slightly reduced dividend. The latter course was, we think wisely, adopted: "*Humanum est errare.*" In times like these the longest head cannot infallibly foretell the ultimate results of such a vast number of accounts as those carried by the Bank of Montreal. The fact that the bank has actually earned, and is now earning a large increase of profits, must be received as a reason for congratulation; and the loss of one tenth of the dividend can easily be borne, when we realize that the worst has probably been passed, and all grounds of gloomy apprehension are safely left behind.

Taking into consideration the export as a whole, we can hardly feel justified on this occasion in deducing any definite conclusions as to the present condition of the Dominion of Canada. The dawning light that falls upon the lately darkened scene is so largely reflected and borrowed from the returning radiant tide of prosperity beyond the frontier, that it affords no just basis for estimating our own prospects and chances. But as a clear and eminently satisfactory statement and proof of good management, and honest and well-rewarded effort, the whole of the figures and explanations redound to the great credit of all concerned. So long as we have such an institution in our midst as the Bank of Montreal, and such men to run it, we need never despair.

COMMERCIAL UNION WITH THE UNITED STATES.

Financial losses, trade depression, the French Canadian exodus, depreciation in the value of property in city and the rural districts, combine to make serious minds reflect upon and consider the future of our country. These reflections are rendered more important and more sad when we look upon the bright prosperity of the people who are separated from us by only an imaginary line, we see this nation of fifty million souls astonishing the entire world by its