

THE BANK OF MONTREAL—Continued.

the impulse of active railway construction, which cannot be expected to continue on the same gigantic scale for many more years, but there will remain a more solid and enduring source of wealth in the vast forests of virgin timber which now cover the hillsides of mainland and islands.

Speaking of the Dominion as a whole, the trade and commerce of the country have been and promise to continue both sound and good.

The lumber business, on the Atlantic as on the Pacific side, shows much improvement, apart from the pulp and paper industry, which is specially adapted to this country, and has been very prosperous for some time past, but owing to the number of new concerns in operation there is a tendency to overproduction, with slackening demand and lower prices.

The coal and iron production has been on a scale never before equalled in Canada, although the latter, owing to delays in installing or completing the necessary plants has fallen far short of supplying demands, especially in the matter of steel rails. The car builders have also been notably behind in their orders.

Agricultural machinery of the best and most modern type has been in great request and the factories which supply every kind of electrical equipment have been unusually busy.

The revival of trade in the United States has had a marked effect on several of our manufacturing industries, relieving them from the competing shipments of surplus goods from that market.

The woollen mills are doing better, while an unusually good year has been experienced in cottons.

Old establishments have been fully occupied and a great variety of manufacturers are finding a home in Canada even in the middle and far West.

The wholesale distributing trades have everywhere enjoyed a good year. Groceries, dry goods, clothing, boots and shoes had an unusually large turn over, with good results. Accounts have been fairly well paid and bad debts have been comparatively small.

Transportation by sea and land, with its accompanying mechanical works, is instrumental in making large accessions of population to the cities.

Railway earnings have been phenomenal, but are far surpassed by the extraordinary outlays in building of new lines, in improving the old, in double tracking, terminals and equipment to provide for the ever increasing traffic.

By the judicious expenditure of the Dominion Government, the facilities for shipping are being much improved by dredging, and the supply of elevators and docks at the several important harbours on the Pacific and Atlantic coasts as well as on the Great Lakes.

The principal cities of the Northwest and British Columbia exhibit a marvellous increase in size, in population and business activities. A phenomenal advance in these respects has also been made by some of the eastern cities, notably Montreal and Toronto. Some of the smaller towns in the West have perhaps been too ambitious in providing public utilities, and in rushing work that might better have extended over a greater length of time, but after all, they are only anticipating future necessities. The municipal expenditures have consequently been large and hence the unusual amount of borrowing both at home and abroad. The comparative cheapness of money and the ease with which municipal securities could be placed in England, had misled some borrowers, who refused to accept the prices offered earlier in the season, but it is feared they may have to submit to higher rates of interest on future transactions.

Industrial loans and investments are quite out of our sphere, but I take this opportunity of saying that it is much to be regretted that some of these offered on the London market were of a distinctly questionable character, unsound or highly speculative, and calculated to reflect injuriously on Canadian credit, while others, and doubtless the great bulk of them, are both safe and promising, and offer to the investor an opportunity of participating in the prosperity of the country. I fear it is useless to ask certain promoters to be more careful as to the class of security they offer, but intending investors may be more discriminating.

With rapidly developing country and the Government pledged by guarantees or otherwise to liberal expenditures,

the building of railways, the improvement of harbours, and other works of a national character, Canada must necessarily be a large borrower for some time. But with nearly 8,000,000 of people, vigorous, intelligent and resourceful, with immense treasures in virgin forests, mines, fisheries, and, above all, with a large area of unoccupied fertile land, Canada can better afford than most countries to mortgage her future to a moderate extent, and her credit in the money markets of the world must always stand high.

Canada is well prepared to absorb and utilize the immigrants that every season seek her shores or cross her boundaries. The labourer and the artisan are most welcome, and the farmer, with or without capital, will find opportunities at his hand. We have excellent and prosperous Banks, well adapted to the requirements of the country, which offer facilities to farmer and tradesman in every town and village, and I may remark, in passing, as convincing proof of the country's progress, that their deposits in ten years have mounted up from 350 millions to over 1,000 million dollars.

We possess a system of transportation that is almost complete, although being daily added to—a large mercantile fleet of steamers on river, lake and sea, and railways that not only link the various provinces together, but also give a service to the newly opened country better than is to be found in any other country similarly circumstanced.

As to investment in lands,—the price for farming properties is still moderate and low, but speculation in suburban lots is surely overdone. For the real estate movement in the cities there may be more justification, prices being advanced by the pressure of increasing population and by keen competition in acquiring choice properties for commercial or domestic purposes.

In New York and other points in the United States where the Bank is represented, business may be described as in a normal and sound condition.

In Mexico, politics have been a very disturbing element, but there are indications of an improvement which will allow business to resume its usual course.

The ample revenues of both Provincial and Dominion Governments indicate a season of great prosperity for the country at large.

The exports for the twelve months ended 30th September, 1912, amount to \$251,952,292, an increase of \$49,601,798 over the corresponding period of last year.

Imports for the same period amounted to \$616,842,090, an increase of \$120,004,619, giving a revenue from custom duties of \$102,695,974, or an increase of \$23,903,849.

I have in a cursory manner touched on these various topics, reviewing the condition of the country and indicating the great range of interests the Bank has to consider in the course of its business, and on whose fortunes the prosperity or otherwise of the Institution in a great measure depends.

LATE VICE-PRESIDENT.

In view of the recent and much regretted demise of Sir Edward Clouston, I cannot refrain from alluding to the circumstance that at the last Annual Meeting he announced his retirement from active participation in the management of the Bank. He had entered the service as a boy, had passed up through various grades, and during the last twenty-one years had occupied the position of Chief Executive Officer. His death is much deplored by the Directors and Staff of the Bank.

THE GENERAL MANAGER.

The General Manager, Mr. H. V. Meredith, spoke as follows:—

The President has covered the ground so fully in the address he has presented to you to-day that little is left for me but to explain the changes which have taken place in the balance sheet during the year, and to add a few remarks in connection with financial matters affecting the Bank which have not been touched upon.

Since our last Annual Meeting, the Treasury Board of the Dominion Government has sanctioned an increase in the authorized capital of the Bank from \$16,000,000 to \$25,000,000, thus permitting of a further issue of stock from time to time as circumstances may, in the opinion of your Directors, render desirable.