

to have experienced a similar expansion. In ten years the circulation of Dominion notes of small denominations has risen from \$7,560,000 to \$16,430,000, or upwards of 100 per cent., while the bank note circulation has expanded from \$36,000,000 to \$84,290,000, or 135 per cent. These returns are certainly most gratifying, indicating the great natural wealth of the Dominion, the capacity and enterprise of our people.

That the trade has proved profitable and contributed to the enrichment of all classes, the public deposits in the banks, chartered, government and savings, attest. Since 1897 the aggregate of these deposits has mounted up from \$270,000,000 to \$677,400,000, and in the last six years the deposits of the public in the banks have increased from \$74 per head of population to \$103 per head.

This is the bright side of the shield; what of the reverse? We have had, the country over, a somewhat unfavorable year for agriculture. Inclement weather has reduced the product of cereals, hay and feed, below the normal, and the important dairy output has also been diminished. Higher prices of farm products of all kinds prevail, and it is believed that the higher prices will compensate the farmer for the lessened supply.

The foreign trade balance is running somewhat heavily against Canada. In the five years, 1898-1902 inclusive, the excess of our imports over exports of domestic products was only \$25,250,000, the smallest adverse balance of trade in the history of Canada in a like period. In the five years elapsed since 1902 the value of imports for home consumption has exceeded the value of domestic exports by no less than \$291,850,000, and in the fiscal year ended June 30th, 1907, the excess of imports was \$118,760,000, the greatest in our history. This balance has to be liquidated sooner or later. Foreign loans assist materially in the process, and in the nature of things Canada will borrow largely in the future to carry on the development of her resources. The condition of the foreign money markets may, however, temporarily check the flow of capital into this country, and reduce somewhat the activity of enterprises which contribute to the commercial industrial prosperity of Canada.

A good deal depends on the duration of dear money in the financial centres of the world, and, not having the gift of prophecy, I refrain from expressing any opinion on that point. What the situation does appear to counsel, is the wisdom of refraining from speculative ventures, from embarking much in enterprises in new fields, until capital flows more freely. The general state of trade I believe to be sound, and if we have reached a period of pause, if the pendulum is to swing back somewhat, there is no reason to believe that the recoil will be severe or protracted. The large emigration we are now receiving, the opening of new territory by railway construction, give reasonable assurance of continued commercial progress, while our financial and banking methods are so sound and conservative as to mitigate, when they cannot altogether prevent, the severities of the natural law of reaction.

I beg to move:—"That the report of the directors now read, be adopted and printed for distribution among the shareholders." If any shareholder has any questions to ask, we shall be pleased to answer them.

The motion was seconded by the vice-president, and was unanimously adopted, without discussion.

#### Amendments to By-Laws.

The president then said:—On behalf of the directors, I beg to state that after consideration, they recommend the directorate be increased from ten to twelve members. To effect this will require a change in the by-laws, and I therefore now move:—"That Shareholders' By-law No. III. be amended by replacing the word 'ten,' in the third line, by the word 'twelve,' the by-law, with this exception, remaining the same."

This was seconded by Mr. A. T. Paterson, and was unanimously concurred in.

The president.—This will necessitate a change in by-law No. IX., which states: "In each year any sum of money not exceeding twenty-five thousand dollars currency may be taken by the board of directors from the funds of the bank as remuneration for their services as directors." In consequence of the increase in the number of members of the board, from ten to twelve, it is necessary to change this by-law. It is therefore proposed that the sum do not exceed thirty-five thousand dollars; and I move that this change be made. In 1900, when the present number of directors and the sum of twenty-five thousand dollars was made the rule, the position of the bank was just a little less than half of what it now is. The increase has been more than the doubling of all the main items in the bank's financial statement. In 1900 the assets were \$79,000,000, and now they are \$165,000,000; the loans were then \$53,000,000, and now they are \$105,000,000.

Mr. A. T. Paterson seconded the motion for the changing of the by-law, and it was unanimously agreed to.

#### Mr. Croil's Address.

Mr. James Croil then spoke as follows:—

The honor of moving a vote of thanks to the directors at this time has devolved on me, in consequence of the discovery made in the Transfer Department the other day, that your humble servant is supposed to be the oldest shareholder in the Bank of Montreal alive at the present time, his connection with the bank dating from 1847.

In looking back through that long vista of sixty years it is difficult to realize the wonderful changes that have taken place in the trade and commerce of the country and in the development of its varied resources, not to speak of the marvellously increased facilities of intercommunication by land and water.

And I confess that, in attempting to say a few words on this occasion, I feel myself to be in a tight place. Were this a missionary meeting, and these gentlemen all "true blue Presbyterians," I might be able to say something, I might be able to say something suitable to the occasion; but I fear they have not all been drilled in the Shorter Catechism as thoroughly as I was, which, of course, is their misfortune rather than their fault.

I have attended many bank meetings in my time, but this is the first occasion on which I have ever opened my mouth to address such a meeting as this; and as it is likely to be the last, I must crave your indulgence, and ask you to overlook anything I may say out of the way, and attribute it to my youthful inexperience.

My first voyage to New York, in 1841, was made in forty days, then accounted a fast voyage for an emigrant ship. The "Lucania" trotted leisurely across the ocean's race course last month in four days and nineteen hours! Such is the advance of ocean navigation in these sixty-six years. The journey from New York to Montreal then took four days, for we did not travel by night. The last stage was by the rickety railway from St. Johns to Laprairie—seventeen miles—then the only passenger railway in Canada. It was opened in 1836. In 1905, Government reported 21,394 miles completed, with some 4,000 miles under construction, actually more than all the British mileage in that year (21,174). In the 'sixties, Lord Milton and Dr. Cheadle took twelve months to cross the continent from Toronto to the Pacific; and had to eat one of their horses, as lean as themselves, before they completed the journey. To-day you may travel from Montreal to Vancouver in your luxurious Pullman car in less than ninety hours! Thanks to two of your past presidents—Lord Mount Stephen and Lord Strathcona, and the far-seeing Government of the day.

When I began farming in Ontario, we had neither mowing, nor reaping, nor threshing machines, and the women had no sewing machines. I threshed my first crop of grain in the same way that Ornan, the Jebusite, did 3,000 years before, and learned the meaning of the Mosaic injunction: "Thou shalt not muzzle the ox when he treadeth out the corn."

There was no money in circulation in those days. Everything was done by barter. The surplus products of the farm were exchanged by the storekeeper for his dry goods and groceries. Most obliging of men was the storekeeper. He gave unlimited credit. If the account was overdrawn, he took a little promissory note; when that matured, it might be renewed, with compound interest added; when that fell due, if not paid, he took a little mortgage; and as a last resort, in many instances, he took the little farm.

Canada was then in many respects a terra incognita, consisting of half a dozen of provinces, knowing about as much of each other as they did of the South Sea Islands, with differing laws, tariffs and currency. The postage on a letter from Ontario to Halifax was 2s. 3d. Now a letter of an ounce weight can be sent to the ends of the earth for two cents. Among the monetary institutions of the country at that time, in good standing, was the Bank of Rustico, in Prince Edward Island. Its capital was £1,000, Halifax currency. It had no rest at all. A thrifty farmer was the sole stockholder, the president, general manager, and teller of the bank. It frequently happened that a customer had to go out to the field and bring the cashier away from the tail of the plough!

When I entered into partnership with the Bank of Montreal in 1847, its capital was \$3,000,000, and rest not quite \$100,000. To-day, its combined capital and rest is \$25,400,000; it has 134 branches and agencies, and a staff of more than 1,000 persons in its employ. It ranks among the great banks of the world.

Mr. Alexander Simpson was the cashier till 1855, and was followed by Mr. David Davidson, who became the first general manager in 1862 till March, 1863. Mr. Davidson