

THE MERCHANTS BANK OF CANADA—Continued.

In moving the adoption of the Report, which was seconded by Mr. Thomas Long, the Chairman said:—

"We are now in the second month of our new financial year, and the general situation in Canada to-day is very remarkable and unusual; our people have never as a whole been so actively employed as at the present time. The Government disbursements on account of military service, together with large exports of ammunition and other war materials, following upon the immense crops of last year, have combined in producing a very large circulation of cash in the country.

"While the war lasts it must be expected that this High pressure condition will continue, and carry with it an extraordinary movement of funds, in fact, the deposit column of the bank statements already reflect this feature in a marked degree.

"In the meantime this bank stands ready to handle the situation as it may present itself from day to day, and our aim will be to keep the bank strong, not only in the interest of the public and shareholders, but also so that it may be able to do its proper share in upholding the financial welfare of Canada and the Empire." (Applause).

In seconding the adoption of the Report, Mr. Thos. Long said: "Mr. Chairman, it is a great pleasure to me to second this Report. Notwithstanding the serious financial times we have been going through during the past twelve months the statement before you shows that the Bank's business has been well and successfully conducted. When you consider that the profits are only \$44,718 less than those of the previous year, despite the trying times, I feel you must agree with me, as stockholders, that this is a remarkably good Statement."

Mr. John Patterson: "I consider that this is a remarkably good Statement, and I, with the other stockholders am very much pleased with it, and we must congratulate the Directors and management on the result of the year's business. When the war started, I wondered if we would get any more dividends for a while, and I am sure it is a pleasant surprise to all the stockholders to see that business has gone on so well."

The Annual Report was then unanimously adopted.

THE GENERAL MANAGER'S ADDRESS.

Since last I had the pleasure of meeting you we have come through another momentous year, another year of the bloodiest war the world has ever known. Let us hope that when we meet again brighter days will have dawned, with all we set out to attain accomplished.

We cannot put before you on this occasion an exhibit of large profits made; on the contrary, the latter are less in evidence than has been the case for some years back, and the reason is not far to seek. Our policy has been, and continues to be, safety first. Not knowing what was before us in the way of withdrawals our obvious duty was to keep thoroughly well prepared—to keep very strong in cash and in immediately available resources. This line we have followed practically throughout the Bank's financial year. Necessarily, this does not make for great profits, but by keeping well prepared and well entrenched we have favorably impressed the depositing public at home and abroad, and our deposits have grown in the twelve months by the considerable sum of ten millions. Our deposits reflect the measure of confidence the public place in us. Meanwhile, although we have not amalgamated with or taken over any other banks, we are apparently moving into the rank and range of hundred million institutions. The Board and myself are much pleased to mark the confidence shown in the Bank by the depositing public to whom we owe our first duty.

Turning to the Balance Sheet, you will find our loans and discounts have not measurably increased from last year. They are larger by \$1,500,000 only. Our additional disposable funds have, as favorable opportunity offered, gone into Dominion, Provincial Government, Municipal and other high class bonds. Our call loans have been increased against standard securities and we have also kept very considerable deposits at interest with strong institutions elsewhere, available whenever needed. In the meantime the disposition of our funds has been so arranged as to lead to the hope that even as our earnings improved the last quarter, so they should continue to improve, and when we meet again, a year hence, better returns in the way of earnings, we trust, may be looked for. In this calculation we cannot claim infallibility, least of all under present world-wide financial

conditions which are as unprecedented as unnecessary, born of the ambition of one man and one race of men.

The country has been greatly blest with an immense harvest the past year, its value being much augmented by the prevailing high prices for all grains. A great prosperity has also attended stock raising and mixed farming. A very enlightened policy of encouragement has been carried on by the Dominion and Provincial Governments and the Chartered Banks for the promotion of everything in the agricultural way, and this policy of encouragement is bringing forth fruit an hundred-fold. I do not think I am over-stating the figure in placing the value of the out-turn from agricultural fields, live stock and other sources throughout Canada, at the astonishing figure of between seven and eight hundred millions. What this means in liquidation of indebtedness and creation of additional working capital may be easily understood to a country where capital only is wanting to unlock the doors of nature's treasure-house. A comparatively young country, able to record such an accomplishment, cannot surely allow room for many doubters. The latter exist everywhere, however, and even Canada must put up with its quota. Good business in the manufacturing and trading fields will not have long to wait upon a sound and prosperous agricultural development before the wheels of the former are again humming. Our most recent data give much hope that another rich return may be looked for from our western agricultural field. Present conditions are altogether favorable. We know, however, that it is somewhat early to predict the ultimate outcome with certainty. Meanwhile, it is quite true that except in certain well-known lines most of our efforts just now are put forth in the manufacture of munitions. This situation will, no doubt, last for another year or two, but in the meantime the farmers are not idle, but are creating a position of strength and purchasing power that will make glad the heart of the manufacturer and trader when later the sword is beaten into the pruning-hook. Who shall say that we are not living in a favored country and that Canadians are not an industrious and virile people who can equally follow the plough or draw the sword—yes, and stand in the deadly breach.

In the interval, we shall have at least two important problems to deal with. The return of an immense victorious army flushed with victory and with savings at their command, unless proper safeguards are set up, may mean grave difficulty and embarrassment to the country. Will it not perhaps be hard to maintain law and order without a well-considered plan beforehand for the peaceful redistribution of the individuals where their redundant health and physical fitness may be turned to account? We know that idleness and unemployment are the sources of great evils, and that, on the contrary, there is great safety in industry and occupation. No doubt the authorities who have shown themselves so competent, are studying this question (not a new one), and that a solution will be duly found. Perhaps the Western lands may interest the returning soldier if settlement thereon is made practical and reasonably attractive. Canada can well afford to deal liberally with her repatriated sons who have deserved so well of her, but plans and timely preparation are conditions precedent to the working out successfully of such a programme. Short of the prosecution of the war, no work can measure up in importance to that of placing the returning hosts in the way of self-support and independence.

Then what of the laborer released from the munition factories when the war ceases? The larger steel companies will no doubt run on other lines. But what of the smaller ones, numbering, I understand, over 400, and whose munition machinery will be scrapped? More than once the fortuitous position of some of Canada's largest industrial undertakings has been referred to as admirably situated for assisting the building of steel ships. I understand we can build steel ships in this country cheaper than they can south of the line, and we can provide men to man them which they find difficult. Was there ever a time in the history of the world when so grand an opportunity offered to a maritime country with coal, iron and flux at her seaboard, to take up such an industry? In this matter British Columbia has made a beginning. A main desideratum in the building of modern ships we know to be steel plates. Besides the native iron and coal in millions of tons, we have steel mills at tide water. This is surely a felicitous combination of requisites as a starting point. But as in the case of

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