

grain has been to this country. It has enabled the farmers to reduce their mortgage indebtedness, and it has increased their purchasing power, stimulating trade in all directions, giving more freight to the railways, their traffic returns showing large gains. The prophets who last year were predicting that the low price of grain had come to stay, must feel that they have mistaken their vocation. The export of provisions and eggs is steadily increasing. The supply of cheese, unfortunately, has been in excess of the demand, and prices are unsatisfactory, but it is hoped that, with the cessation of strikes and the increase in field work in England, there may be an improvement. The demand for merchandise and manufactures of all sorts is very satisfactory. In the Territories, ranchers have received highly remunerative prices for cattle and horses, and, with additional markets opening up in the mining districts, they have every reason to feel hopeful. In British Columbia there has been a great impetus to trade, by the migration to the gold fields of the Yukon, and in the Kootenay, mines are gradually passing from the chrysalis and chromo stage into actual development and production. In the Maritime Provinces trade has been rather dull, owing to depressed markets for lumber, both in England and the United States, while the demand for fish, one of the chief staples of the Lower Provinces, has been seriously affected by the war.

The worst feature in the present situation in Canada, is the condition of the lumber market, owing to the overstocked condition of the foreign markets and the cessation of the demand in the United States. Considerable stocks were carried over from last year, and I am afraid the year's cut has not been sufficiently curtailed. Locally, however, the demand has been very good. Generally speaking, business is good and the outlook promising.

In the United States the year commenced with the same promising conditions as in Canada, possibly more strongly established, but the war has rather checked some enterprises and industries, but we hope for a short period only.

In this résumé of the business of the country I have refrained from statistics, as I consider I am doing all you desire of me by restricting myself to the figures in our statement.

There is one matter I will refer to. The action of the Government in taking power to reduce the rate of Government Savings Bank deposits this session to 2 1-2 per cent. was a wise and business-like one, and should commend itself to those who take a business point of view. If there is one department of a Government which should be conducted entirely apart from politics and strictly on business lines, it is the Department of Finance, and there would have been no excuse if they continued to pay as much for a temporary deposit, such as a savings bank deposit is, as for loans running for a long period, particularly when ordinary municipalities can borrow now at 3 1-2 to 3 3-4 per cent. If it is considered the duty of a Government to furnish a safer place of deposit for the public than that furnished by banks, the axiom should never be lost sight of that "the greater the safety, the smaller the return for your money;" and the Government showed a sense of what was due to themselves, and to the public, who have to pay for the increased interest, which, after all, benefits only a very small proportion of the people. You will notice that I said it was right to take the power, for it is quite possible that before the time arrives to exercise it, circumstances may render it injudicious to put it into effect. With a war on hand in the neighboring country, and with the uncertainty as to the period when it will cease, serious consideration should be given before taking any definite step towards fixing a value for money in the future.

If there are any questions in connection with the business of the Bank, I will be happy to reply to them.

THE VICE-PRESIDENT.

Honorable George A. Drummond said:—It seems almost superfluous to add anything to the full statements now laid before you, and the remarks of the General Manager, but, in accordance with precedent, I will ask your attention for a few moments. You will, I think, agree with the Directors in regarding the results of the year's business and the position of the Bank's affairs as eminently satisfactory.

The statement in the accounts that "full allowance has been made for bad or doubtful debts," is, in the view of the Directors, fully justified. The Directors are pleased to express their recognition of the ability and prudence displayed by the management, and the loyalty and devotion to the interests of the Bank on the part of the large and increasing staff.

Early in the past year indications were not wanting that the country had entered on the long deferred era of better times. Confidence was returning and the general anticipations of improvement were reflected in the great commercial barometer, the Stock Exchange, by a steady advance in the value of securities. A rude shock was given when, on the 25th April, 1898, war against Spain was proclaimed by the United States. Vague expectations had been hazarded that, in some way or other, the derangement of affairs in the neighboring Republic would result in benefit to ourselves. So far I fail to see any. The established channels of trade and finance in the neighboring States have not been materially affected. We can only express the sincere hope and desire for the speedy restoration of the blessings of peace.

It is impossible to avoid noting, with satisfaction, the growth of a kindlier feeling towards the Mother Country among our friends and neighbors.

The general and remarkable advance in the value of most farm produce is eminently satisfactory. The farming community has long suffered from an unnatural depression, and may be congratulated on the improvement which, to a country like ours, exporting a large share of its products, is of enormous and widespread importance. Calculations by experts go to prove that during the past six months, at the very least, seven to eight millions of dollars extra has been realized on cereal deliveries in the advance in values, while since the opening of navigation, the exports of wheat, corn, rye, peas, oats, buckwheat, barley and flour have nearly doubled as compared with those of the corresponding period last year. Cheese has been depressed and unremunerative in consequence of over production. Butter and eggs have been exported in rapidly increasing volumes, and there seems to be no limit to the possibilities of this trade, due regard being had to quality. In general business it is reported that there is a marked increase in volume, if not in prices, in many departments, such as dry goods, hardware, leather, paints and oils, and in many branches of manufacturing industry.

The curtailment of excessive terms of credit in many branches of business, must be regarded as satisfactory, for, while credit is of the very essence of modern business, too extended terms are a fruitful source of mischief both to the giver and receiver. In this connection, the failure record of the year deserves attention. The number of failures is smaller than for a number of years, and the amount involved is moderate.

The steamship lines report a large business at fair rates. Ships during the winter from Portland and S. John have been full, and, since the opening of navigation, inward cargoes have been larger than usual and outward full. The proposed fast line of Atlantic steamers for passengers and mails is not yet apparently secured, but as such a line is of vital importance, not only to the trunk lines of railway, but to the Dominion, the hope is expressed that it may speedily be brought to a successful realization.

The great lumber interest must be reported in less satisfactory terms. While the cut of logs has been restricted, and the output of deals will be smaller than for years past, prices for both have not improved.

At the last annual meeting, reference was made to the menace of the possible adoption of free coinage of silver by our neighbors; of that we hear little at the moment; but it is conceivable that in the grave financial adjustments entailed by the vast expenditures now going on by the United States, another opportunity may be afforded for the agitation of such questions as this. However, as all these expenditures are well within the resources and powers of the nation, I confidently believe that sound principles of finance will prevail.

In Canada no event has excited more interest than the gold discoveries in the Yukon, and the rush to that district. The continued progress and extension of mining in British Columbia is a satisfactory circumstance.

Projects of railway extension have been mainly directed to these districts, and the construction of the Crow's Nest Pass line, by the Canadian Pacific Railway Company, is the most important work in progress.

As a whole then, the symptoms of returning prosperity are in the ascendant and the shareholders may rely that the Bank of Montreal, will be prepared to meet increased responsibilities should they arise, and to maintain its position among the financial institutions of the Dominion.

I will move: "That the report of the Directors now read be adopted and printed for distribution among the Shareholders."

The motion was seconded by Mr. A. T. Paterson.