

prices, and, while the grain crops of 1907 were slightly less than those of either 1905 or 1906, the result with the higher price is considerably greater to the farmer, so that the agricultural basis of the country has been well sustained. During the winter of 1906-7 the money markets of the United States had, however, repeatedly reflected the fact that the expansion in building, in trade volume and in prices, common to so many different countries, had outrun the world's supply of money, and in March a short stock exchange panic gave special emphasis to this condition. It became evident that the plans of great railroad systems, involving very large expenditures of money, could not readily be carried out; money became perceptibly dearer for long loans, and ordinary building operations were somewhat checked. Sober financial journals suggested that we were approaching a crisis, but during the summer much was forgotten. However, during the week beginning 21st October a decidedly critical situation arose in New York, due largely to the acts of some of the larger Trust companies, which had apparently forgotten the principles on which such institutions should be based. The failure of one of the largest of these companies, and runs upon several others, created panicky conditions in New York, and this state of feeling rapidly spread throughout the country, causing timid individual depositors to withdraw money and lock it up, and, a still more serious matter, causing country banks to attempt to build up reserves, in some cases needlessly large, by drawing their balances from the reserve cities. Under the banking system of the United States, because of an inelastic currency, but quite as much because of the laws regarding reserves and the peculiar system under which they can only be used for the very purpose for which they are held at the expense of breaking the letter of the law, and thereby creating a panic, the effect of this hoarding of currency was to paralyze business and cause on the one hand a premium on currency for a short time as high as 3% per cent., and on the other the creation of a temporary currency, illegal but eminently sensible, in order to enable the business of the country to go on. At the same time gold was imported from Europe to the extent of over \$100,000,000, and, while this was an extraordinary evidence of ability to apply heroic remedies to the situation, the very fact that it was necessary and possible to obtain this very large sum from Europe naturally alarmed the money markets there, because it was a concrete example of the violent and enormous forces which American trade and finance can exercise upon Europe when the pendulum has been allowed to swing too far in one direction. The situation is now steadily improving, the gold importations and the premium on currency have stopped, and the reserves of banks are being brought back to the legal requirements. How far the enormous fall in the price of copper, and the more moderate fall in other metals and in lumber, will be followed by a general fall in the price of all commodities, it is too early to estimate. But as the wages of labor are being reduced and large numbers have been thrown out of employment, we must expect a moderate readjustment of prices. Foodstuffs do not, however, because of another series of factors, show any tendency to decline in price.

The hope has been confidently expressed on many occasions since 1893 that the United States would bring about reforms in its currency and banking systems. Partly because the situation is full of difficulties not present in most countries nothing of a decisive nature has yet been accomplished, but the demand for reform from the public throughout the United States is more persistent than ever before, and we cannot doubt that with the recent experience sharply in mind steps will now actually be taken to remedy the defects referred to. It is well for all of us residing outside the United States not to forget that, while stringency in money was inevitable owing to expansion, the extraordinary features which differentiate the monetary troubles of the United States from those of other countries are due almost entirely to their peculiar banking and treasury systems. In Canada we have an enforced revision of the Bank Act every ten years, and it is well to bear in mind that we are approaching the time when the discussion connected therewith usually takes place.

The situation bears little relation to that following the troubles of 1893, either as to currency conditions and standards, crop conditions, or volume of manufactured goods relatively to the demand, and, provided the usual crops are harvested next year, a very full measure of industrial activity should prevail throughout North America. The marketing of the actual products of the field, forest and mine of itself requires that large additions should be made to railroad equipment, and that other building operations should be carried out, and if the world generally can be induced on the one hand to exercise its power of saving to a greater degree, and on the other to moderate somewhat the pace of its industrial expansion, especially as regards the fixing of capital in betterments of all kinds, we need not fear for the prosperity of the farmer throughout North America, or that our workshops will be idle to an extent which should interfere with a sound and reasonable prosperity.

The resolution for the adoption of the report was then carried unanimously.

The Chairman.—I have now to submit a resolution regarding a by-law authorizing an increase of the capital stock of the bank. In asking you to pass this resolution we do not wish to convey the impression that at the present time we have any intention of issuing new stock. We merely desire to be prepared, so that in the event of our business making it at any time clear that it would be wise to issue any part of the sum we now ask you to authorize, we shall not be subject to the delay incident to calling a special meeting of the shareholders. The by-law reads as follows:—

"Whereas the capital stock of the Canadian Bank of Commerce is now ten million dollars, and it is expedient that the same should be increased by five million dollars, be it, therefore, enacted as a by-law by the shareholders of the Canadian Bank of Commerce assembled at an annual general meeting held in the board room of the Canadian Bank of Commerce at the corner of King and Jordan Streets, Toronto, on Tuesday, the fourteenth day of January, 1908, that the capital stock of the Canadian Bank of Commerce be, and the same is hereby increased by the sum of five million dollars, divided into one hundred thousand shares of fifty dollars each."

I will now move, seconded by Senator Cox, that the said by-law of the Canadian Bank of Commerce read to the meeting by the president be passed by the shareholders, and that the same be executed under the corporate seal of the bank, countersigned by the president or vice-president and the general manager.

Senator Cox.—I have pleasure in seconding the resolution which has been moved by the president.

Mr. W. Cassels.—I have great pleasure in moving the following resolution:—"That the thanks of the meeting are due and are hereby tendered to the president, vice-president, and other directors for their careful attention to the interests of the bank." I think the shareholders are greatly to be congratulated that during these troublous times they have a board composed of men of such high standing. I think they are also to be congratulated on having the general manager restored to health. They have another asset which is not carried into this balance sheet, but one of very considerable moment, namely, the universal and general courtesy which from the president down to the lowest clerk is extended to anybody who has occasion to do business with this bank.

Mr. William Davidson.—I have much pleasure in seconding this resolution. There are two things which shareholders look for. The first is security; the next thing is a fair return upon their investment. In reading the statement which has been presented to-day there is no person but must be convinced that they have the first. As to the second, bearing in mind the security, the return upon the investment is ample. Another feature about the proceedings to-day which must be very reassuring to the shareholders is the very wide and exhaustive statement which has been presented to us by the president. A bank like the Canadian Bank of Commerce, having branches not only in every part of this country, but in almost every part of the world, is necessarily interested in knowing and understanding the commercial relations and the business possibilities of the country, and the address of Mr. Walker shows an amount of research and intelligent appreciation of all the financial business of the world that must redound very largely to the success of the Canadian Bank of Commerce.

The Chairman.—On behalf of my co-directors, I have to thank you very much indeed for the resolution. It has been, as you can realize, a more difficult year than usual, and I am sorry that the report I have read is not as rosy as in many past years, but we have always tried in stating the business conditions in Canada to be frank with you, and what we say will be convincing in proportion as we have been frank in our statements.

Mr. Kilgour.—I have much pleasure in moving the following resolution: "That the thanks of the meeting be tendered to the general manager, the superintendent of branches and other officers of the bank for the satisfactory manner in which they have discharged the duties of their several offices during the past twelve months."

In moving this resolution, we have before us the magnificent statement presented to-day, which is all the more gratifying when we consider the exceedingly trying financial conditions which we have had, requiring on the part of our executive officers and the entire staff more than ordinary vigilance and care; and, on behalf of the board and shareholders, I wish to express to them our warm appreciation of the ability and prudence which has characterized their administration.

It also affords me much pleasure to express to Mr. Laird, our esteemed general manager, our great gratification in having him restored to us in health, as we realize that his illness was largely due to his zealous, faithful efforts in the interests of the bank.

I desire to mention with sincere regret the great loss the bank has sustained in the removal by death of Mr.