

months, especially in view of the heavy incidental expenditure for new stationery, new bank notes, etc. Considering the large influx of new capital during the year, we are gratified that we have been able to maintain our percentage of earnings. The increase in combined capital and reserve in the past twelve months amounted to \$10,920,000, which should show good results in the coming year.

I am pleased to say that the business of the Traders Bank has proved to be of superior quality. The potential value of the increased facilities of a hundred branches, mostly in the prosperous Province of Ontario, and the addition of 1,800 new shareholders cannot be over-estimated. The simultaneous inspection of this number of branches and the subsequent assimilation of the business imposed no light task upon the executive of this bank. The whole machinery is now running smoothly and efficiently, which is abundant proof of a good organization.

The bill to revise the Bank Act and extend the charters of the banks, which was recently introduced in the House by the Minister of Finance, contains important amendments. These are in the interests of both the general public and of the banks, and will meet with our hearty acceptance. If the proposed shareholders' audit does not accomplish all that its advocates expect, it is sure to have a good moral influence on the banks.

We have reason to congratulate ourselves on the continued prosperity of the country, which shows no sign of abatement. The present outlook could hardly be better. At the same time, we should be cautious in our optimism. It must not be forgotten that the most influential factor in our progress is the investment of foreign capital, and that the interruption of this flow would have adverse results, especially if anticipated. London's attitude towards Canadian offerings of securities has been unfavorable for some months past, which is no doubt primarily due to the Balkan War, which has shaken confidence throughout Europe, and secondly to the large borrowings of our municipalities. The financial conditions abroad are reflected here in the present money stringency. With peace concluded, the demand for new capital to repair the waste will be very great—consequently the expectation is for firm rates for money for some time to come.

GENERAL MANAGER'S REPORT.

In seconding the adoption of the report, the General Manager, Mr. Pease, said:—

The statements submitted to you to-day, showing the result of our operations for eleven months past may be briefly summarized as follows:—

We paid the usual dividend of 12 per cent.; transferred \$75,000 to Officers' Pension Fund; reduced Bank Premises Account by \$300,000; transferred to Reserve Fund \$5,503,812, being the premium received on new capital stock issued, and carried forward to the next year's account \$610,219,—or \$209,000 more than we brought forward in December last. We have in addition set aside \$200,000 for rebate of interest on unmatured bills, which was necessitated by the fact that no such provision had been made by The Traders Bank of Canada. Of course this fund remains an asset of the bank. Bank Premises, after writing off \$300,000, are valued at \$5,520,000. This amount includes the premises taken over from The Traders Bank of Canada at the very conservative valuation of \$2,356,000. Negotiations to sell several of their buildings are now under way, which, when accomplished, will effect a very large reduction in the account.

Through the addition of 725 Traders Bank employees to the staff, large contributions to the Pension Fund by the shareholders are rendered indispensable for some time to come, in order to maintain it on a proper basis. You will therefore be asked to pass a resolution authorizing an annual contribution of \$100,000 to the present fund out of profits for five years. With these contributions, supplemented by the present assessment of 3 per cent. on salaries, we hope to build up in five years a fund that will meet actuarial requirements. I am sure you will appreciate the great importance of treating the staff with liberality, and adequately rewarding them for the efficient services which they perform. I need not say that the success of the bank depends upon the loyalty and contentment of the staff, which now numbers 2,617.

Our liquid assets amount to \$73,428,782, being 47.64 per cent. of our total liabilities to the public, and our total trade assets, excluding the valuation of bank premises, exceed our total liabilities to the public by the sum of \$19,552,240.

CANADA.

According to the latest returns, the total field crops of Canada last year yielded approximately \$610,000,000, being an increase of \$45,000,000 over 1911. Gross railroad earnings increased over \$26,000,000; bank clearings \$1,752,000; bank note circulation \$13,435,000; public deposits in chartered banks \$87,282,000; post office Government savings bank and other savings bank deposits \$2,417,000; commercial loans \$102,767,000. Exports increased \$18,121,000; imports

\$86,973,000; customs receipts \$33,500,000. Immigration reached 354,237, an increase of 21,000—immigrants from Great Britain numbering 138,121, and from the United States 133,712.

In Mr. E. R. Wood's review of the Bond Market in Canada in 1912, the total Canadian bond issues are placed at \$261,917,000, compared with \$269,312,000 in 1911, of which Government issues represented \$35,639,000; municipal \$45,792,000, railway \$69,639,000 and miscellaneous \$110,846,000. Great Britain absorbed 77.53 per cent. of these issues, Canada 13.84 per cent. and United States 8.63 per cent.

In considering the amount of foreign capital invested in the country, we should include investments in mortgage loans. Records are not yet available for the past year, but at the close of the fiscal year 1911 there were over eighty registered companies doing a strictly mortgage loan business with aggregate loans of \$248,164,260, being an increase of \$16,018,690 over 1910. Besides these, numerous English and American insurance companies lend largely in Canada on mortgage.

The above figures denote splendid progress during the year. There is only one fundamental defect in the trade of the country, viz., the adverse balance of trade. I do not think we attach sufficient significance to this adverse balance, which has been growing steadily in the past five years. The excess of imports for the fiscal year ending March 31st, 1908, was \$90,000,000; 1909, \$48,000,000; 1910, \$90,000,000; 1911, \$175,000,000; and 1912 \$243,000,000, the excess for the eight months ending November 30, 1912, being \$200,000,000. Our exports to the United Kingdom have continuously exceeded our imports during the last ten years, the maximum being 72 millions and the minimum 27 millions, but the excess of imports from the United States has steadily increased from \$49,000,000 in 1902 to \$235,000,000 in 1911-12. The inward balance has grown in spite of the increase of \$105,000,000 in our agricultural and other exports in that period.

It is remarkable that the value of the annual production of our factories is estimated to have increased from \$480,000,000 in 1900 to approximately \$1,462,000,000 in 1912. Practically all of this is marketed in Canada, and yet is short of the home demand, which explains the excess of imports. It is to be hoped that the shortage will be overtaken in the near future and that our manufacturers will have a surplus for export. Meanwhile the adverse balance is more than offset by the great wealth brought in by immigrants,—estimated last year at \$160,000,000 in cash and in kind—and by the large amount of foreign capital annually coming into the country.

While the outlook in Canada is exceedingly bright, there are evidences on many sides that we are straining our prosperity. There is too much inflation. It would be the part of prudence to retrench in our expenditure until we have harvested another crop.

WEST INDIES.

Turning to our interests in the West Indies:

CUBA.

Cuba's imports for the fiscal year 1911-12 were \$119,000,000 and exports \$146,000,000. The sugar crop of 1911-12 amounted to 1,895,000 tons, the largest in the history of the island. One hundred and twenty million dollars may be considered a reasonable estimate of the value of this crop, and on this basis an increase of \$43,000,000 is shown over the previous year, 1910-11. The crop just beginning will be a record one, with reasonably good weather. Estimates reach as high as 2,350,000 tons, or about 400,000 tons more than last year. Prices are now lower than in 1911-12, but this unfavorable feature may be partially offset by the expected greater extraction of sugar from the cane. Many mills have been enlarged and provided with technical improvements, and the cane area is being largely extended. It is interesting to note that the production of sugar in 1899, when we established our first branch in Cuba, was about 300,000 tons, against 1,900,000 tons last year.

The tobacco crop of 1911-12 is of average size, but the best in several years as regards quality. Its value is placed at \$34,000,000. The new crop gives promise of being the largest in many years, and the condition of the industry was never so satisfactory as at present.

Satisfactory conditions prevail in the cattle business. Owing to a high protective tariff there have been no importations during the year. The natural increase is enough to provide for the local consumption, and satisfactory prices are being obtained.

The railway companies show substantial increases in earnings over the past year, and many securities listed on the stock exchange are twenty to thirty points higher than they were last year.

Business conditions generally are sound and the outlook is very hopeful. General Menocal's election to the presidency last fall ensures an honest and economical administration.

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