

the combined capital, Rest and Profit and Loss account aggregated \$18,306,000; in 1900 they were \$19,130,000. But the total liabilities to the public, which in 1884 were \$25,941,000, had risen in 1900 to \$58,822,000. I by no means desire to convey the impression that the ability of the bank to meet its engagements depends on the size of its Rest, but obviously an increase of the Rest is quite in order, and no doubt will meet with your approval, as an increased Rest not only gives additional stability, but helps to steady the dividend.

A further comparison of our condition in the year 1884 with the present time is interesting and instructive. As already said, the liabilities of the bank had risen from 26 millions of dollars in 1884 to 59 millions in 1900. The number of agencies or branches had risen from 31 to 52. The number of the staff had increased from 299 to 562. The deposits had increased from \$22,588,000 to \$63,445,000, and the loans in Canada had increased from 30 millions to 53½ millions. So that to earn approximately equal profits, double the business must be done, and the cost of doing it proportionately increased. The public, therefore, is getting its banking business done for about half the prices ruling in 1884. No doubt this is a substantial benefit to all commercial and manufacturing business.

The melancholy collapse of La Banque Ville Marie, in this city, does not reflect on our banking system, which could not provide for a series of gross frauds, revealed in the trials of the unhappy officers; its failure had no commercial effect, but caused much distress among its depositors, many of whom could ill bear their losses, and whose cases rightly excited much public sympathy.

The board has had occasion during the year to lament the sudden and unexpected death of two of its members, Mr. Hugh McLennan and Mr. W. W. Ogilvie, and has recorded its deep sense of the loss which the bank has experienced in being deprived of their prudent counsels. The board considers itself fortunate in having been enabled to fill these vacancies by the election of Mr. James Ross and Mr. R. G. Reid.

In the general trade and commerce of the country we find evidences of the period of prosperity into which we have entered. Good harvests and good prices, especially for dairy produce, have caused prosperity throughout the country. Immigration has been less rapid than can be wished, but with the activity in all branches of trade and manufacture in the Mother Country nothing else could be anticipated. The lumber industry has been prosperous, and prices much above the average; the great destruction of sawed stuff at Ottawa has, no doubt, temporarily affected prices. The consumption of a special class of timber for the manufacture of paper pulp promises to have important effects on some districts. It appears to me that enormous waste is going on in this matter, and that some process of recovery, whereby this indispensable material can be used more than once, is looming in the future. Enormous strides are being taken in this country towards the production of iron and steel, and when the developments now in progress reach completion, we may hope that Canada will not only supply her own wants, but become a factor in the supply of foreign markets.

Fuel has advanced materially in price, though to a smaller extent in this country than in Great Britain. This is due to a considerable rise in wages and materials and supplies of all kinds, and like the other advances already noted, has an important influence in checking expansion of business. It appears to me that the fact that steam coal of similar quality to

Nova Scotian is costing more in Glasgow, Scotland, than in Montreal, may very well be recorded to the credit of our protective duty on the article, the Montreal coal having been carried nearly one thousand miles. At the pit head, Canadian coal is very much cheaper than at any point in Great Britain.

No better evidence of business activity can be had than the work done by our great carrying companies. Taking the returns of the Grand Trunk and the Canadian Pacific railways together, we get these figures:

The gross earnings for the years 1895 and 1899, under the following heads, compare, as follows: Passenger traffic, 1895, \$10,133,000; 1899, \$12,836,000; an advance of 26 per cent. Freight, 1895, \$23,129,000; 1899, \$32,809,000; an advance of 42 per cent. Mail and express, 1895, \$1,804,000; 1899, \$2,268,000; an advance of 25 per cent. Miscellaneous, 1895, \$1,570,000; 1899, \$2,764,000; an advance of 70 per cent. The totals of the foregoing in these years are \$36,636,000 and \$50,677,000, respectively; or an advance of 38 per cent.

The North American steamship companies have had a fairly prosperous year; many of their vessels have found profitable employment in the various transport services connected with the South African war, and the decreased tonnage thus available for their regular trade has tended to enhance freight rates, more especially on export cargoes. The volume of imports carried by the Canadian lines was somewhat less than during the previous twelve months, the freight rates were somewhat dearer and the number of vessels fewer. The volume of exports was smaller, and the average of freight rates more especially on grain and provisions was higher. The current season has opened favorably and the volume of export traffic is likely to be fully equal to the available tonnage during the next two or three months. The passenger traffic was moderately satisfactory and the companies anticipate a free movement, both east-bound and west-bound during the year. They complain of the large advance in the price of coal and of the enhanced wages, but their profits are, nevertheless, said to be adequate.

As regards the port of Montreal, the last two years compare as follows: The total value of merchandise entered for consumption in the year ending 30th April, 1899, was \$54,282,140; and for the year ending 30 April, 1900, \$59,997,767; an increase of 10½ per cent. On the other hand, the value of goods produced and otherwise exported in the former year was \$62,170,354; and last year, \$65,107,222, or an increase of 4.7 per cent.

The aggregate trade of Canada by years is as follows:

	Entered for Consumption.	Exported.
1895	\$105,252,500	\$113,638,800
1898	130,698,000	164,152,700
1899	154,051,000	158,896,000

In the last five years, therefore, the excess in value of total exports over total imports has been \$44,153,300, and this excess of exports over imports has happened only once before in the history of Canada, i.e., in 1880.

One important evidence of better times is to be found in the comparative immunity from losses by business failures, which in the respective years are as follows: 1896, \$17,300,000; 1898, \$10,000,000; 1899, \$10,727,000. If we except the reigning stagnation on the Stock Exchange, due to a general pause in speculation and dearer money, the indications are of a continuation of good times. It is probable that some revival will be consequent on a decline in the cost of staple raw materials which appears probable. It is impossible to follow the progress of all branches of trade, but the general result, with some special exceptions, is the same,

full employment, press of business, good prices, advanced wages. In the middle of all this we are apt to forget that bad times will recur; there are evidences already, however slight, of a reaction. The high prices of lumber and labor are causing a cessation of building, and iron and steel are getting cheaper.

One important factor, which may affect our manufacturing industries, is the evidence of a spirit of aggression in outside markets by the great American combinations and trusts; this may develop into proportions which will produce consequences now unforeseen.

Nothing in recent times has excited so intense an interest in this country as the war in South Africa, now happily drawing to an end. Its progress, day by day, indeed, hour by hour, has been watched with feverish anxiety. The successive relief of the heroic beleaguered garrisons of Ladysmith, Kimberley and Mafeking, and the capture of the Boer centres have given occasion for general rejoicings. That a considerable body of Canadian volunteer soldiers sent out by the Dominion, have, for the first time in our history, been fighting on another continent, side by side with the best soldiers of the Empire, and proving themselves, by courage and soldierly qualities, equal to the honor, has intensified our interest. To ourselves, it is a source of pride that among them is a corps of mounted infantry, consisting of 589 men, equipped, armed and carried to the seat of war through the princely liberality of the president of this bank. Heavy as is the price exacted in war, for any benefits—not in treasure alone, for that is secondary—but in blood, Canadians now occupy a place among the nations not hitherto accorded them, and can realize as never before, that their country is part and parcel of the Empire, while the most distant shore, where our flag lies, is but a portion of our heritage.

No one, who has made himself acquainted with the facts, can doubt that the war was not only a just and most righteous, but also an unavoidable one, or only to be escaped by Great Britain confessing herself unable to protect her citizens, and abandoning all pretensions to Imperial power. I hail the resolve that the territories now conquered at such a heavy price shall be held under the British flag, with the security to life, liberty and property which it everywhere guarantees.

This bank, departing in some measure from precedent, has contributed liberally to Imperial and home organizations, having the care of our soldiers and their dependents for their object; for this I do not doubt you will give your approval. Our duty would not be done if we fail to recognize to the full how much this little force has accomplished for the credit and best interests of Canada, and prove our gratitude by deeds.

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.

THE DISCUSSION.

After a few remarks by Mr. John Morrison, Mr. John Crawford touched on the question of parallel columns in the annual financial statement, so that the business of each year could be compared with its immediate predecessor, and he likewise expressed the opinion that a Rest Fund of 50 per cent. was sufficient, and that when that had been reached, the shareholders should benefit from the profits in the shape of a bonus. In connection with the Banking Act, he asked that the vice-president, when attending to his senatorial duties at Ottawa, would, if he saw eye to eye with him (Mr. Crawford), use his efforts to have the words, "gross proceeds and gross expenses,"