

to cope with an unprecedented situation, and the determination of our people to effect personal and public economies, we have been able to bring about a most amazing adjustment from the prosperous enjoyment of an abounding flow of borrowed capital to a condition of severe trade contraction. Our harvests have been bountiful, our cultivated acreage has been increased, and our factories have been entrusted with large contracts for army equipment, munitions and foodstuffs. While this terrible war must bring us much anguish and sorrow, it is clear that in proportion to her population no country will benefit economically to a greater degree than Canada.

The Late General Manager.

I cannot close these remarks without referring to my predecessor, Mr. Laird. Since his untimely death we have received numberless testimonies, not only to the high esteem in which his business talents were held, but also to that strong note of personal affection which his human qualities evoked in all those who knew him. Fully charged though his mind was with other matters appertaining to the interests of the Bank, the subject of the staff was always uppermost in his thoughts and he was ever the first to evidence gratification in their success, sympathy in their misfortunes and leniency towards their shortcomings. In him the Bank has lost a staunch and fearless leader and the staff, particularly, a great and good friend.

The President then said:—

President's Address.

The Directors have referred in their report to the death of our late General Manager, and Mr. Aird has just spoken of him with the warmest appreciation. I knew him longer than most of his associates—indeed we worked together over thirty-five years ago—and I have lost not merely a business friend but one for whom I cherished the deepest affection.

We have been told many times during the past year that we are passing through the most fateful moment in the history of the world, and that we shall emerge with a greater assurance of liberty and of all that accompanies a progress based upon our natural rights, or that we shall fail—a condition too black for contemplation. Within this vast march of history, affecting every civilization on the globe, lies the narrower march of our own affairs in Canada. We think so much about the war that Canada as an entity is generally forgotten in the larger scope of Imperial affairs, but it is our special business to-day to review the position of Canada, and to withdraw our attention from the war sufficiently to study the course of our own history, as only by understanding this shall we be able to act with courage and wisdom in the present emergency.

Canada's War Time Position.

When in 1913 we came to the end of a period of expansion we found ourselves like a healthy but overgrown youth, still dependent upon the mother. We had to sell over 400 millions of securities in order to settle our foreign debit balance for the Dominion fiscal year ending March 31st, 1913. During the year ending March, 1914, the difference between our exports and imports decreased by 130 millions, but still left over 300 millions to be provided by the sale of securities in a market very much more difficult than that of the year before. More than one-half of the year ending March, 1915, was affected by the war, and the situation was still further improved to the extent of over 144 millions. For the six months ending September, 1915, there is a further improvement of 80 millions as compared with the previous year, but this same half-year, when compared with the corresponding period in 1914, shows an improvement of 109 millions. For reasons explained a year ago, coin and bullion are left out of our totals.

International Position.

The following figures will illustrate the astonishing change in our international position:—

	Imports.	Exports.
1913	\$686,515,536	\$377,068,355
1914	635,383,222	455,437,224
1915	497,376,961	461,442,509
6 months	228,335,678	273,377,082
	Excess Imports.	Excess Exports.
1913	\$309,447,181	
1914	179,945,998	
1915	35,934,452	
6 months		\$45,041,404

In order to estimate our true position, we must add to the excess of imports the interest due upon Canadian securities held abroad, now estimated at about 140 to 150 millions, and we may count upon any excess of exports as available to pay this interest. During the last half of the present Dominion fiscal year the effect of the export of our great crops, of our manufactured munitions, prepared foodstuffs, cattle, horses, etc., will be felt, and the excess of exports by 31st March, 1916, should be about equal to our interest charges payable abroad.

In 1913 we knew that we had used our credit to the available limit, but we hoped gradually to move into safer conditions. If any one had suggested that we could so adjust matters within three years as to have a credit balance in our foreign trade, instead of a debit, and that this credit balance would be large enough to offset our interest payable abroad, our answer would have been that it was folly to indulge such hopes.

The improvement of 144 millions between March, 1914, and March, 1915, was brought about by decreasing our imports by 138 millions and increasing our exports by only 6 millions. This was due to a tremendous contraction in the business of all trades requiring such imports on the one hand, and on the other to a serious decline in exports of the products of agriculture and of the mine, which was a little more than offset by the increase in animal foodstuffs and manufactured munitions. The decrease in imports shows in an almost unbroken line of articles, the exceptions being mainly in such materials as jute cloth, wool, hides, leather, dyes, rubber needed in the manufacture of munitions, and about \$3,000,000 in value of articles for the use of the army and navy.

Exports Increase.

The improvement of 109 millions in the first six months of the present fiscal year, that is, down to September last, is caused by a decrease in imports of 52 millions and an increase in exports of 57 millions. The exports show handsome increases, especially in manufactured munitions of war, but they still suffer from the effects of the poor crops of 1914, and there is an actual decline of 12 millions in agricultural products. The decrease in imports is again general, but an increased quantity of binder twine was imported on account of the unusually large crops of the season, and there were large increases in raw material needed for the manufacture of munitions and in manufactured articles intended for the use of the army and navy, the latter amounting in value to 10 million dollars during the half-year.

I have gone thus fully into these matters in order to indicate what we may expect now that we have the largest crop on record for export, and have, perhaps, reached a normal output of all kinds of munitions, such as foodstuffs, clothing, saddlery, shells, rifles, etc., while our imports consist mainly of the necessary raw materials.

Credit Strengthened.

This demonstration of what we can accomplish under pressure has, of course, greatly strengthened the credit of Canada, so that, while, for obvious reasons, we cannot at the moment sell securities in Great Britain or in Europe, we are building up a market for them in the United States which, when we consider the enormous increase in wealth taking place in that country at the moment, we may well hope is not of a temporary character. During the past year, leaving out the last half of December, the sales of Canadian securities at home and abroad amounted to about 335 millions. This includes nearly 220 millions of Government securities and many sales of other securities which are practically refunding operations. The sales were divided as follows:—

In Great Britain mostly for refunding purposes	\$ 43,800,000
In the United States	144,800,000
In Canada	147,100,000
	\$335,700,000

The Canadian figures are increased by the Dominion loan of 100 millions, very little of which has yet been paid to the Government.

The sales of municipal bonds, at one time during the year the matter of chief concern to those interested in Canadian securities, amounted to about 64 millions divided almost equally between the United States and Canada.