MR. GEORGE HAGUE'S VALEDICTORY AS GENERAL MANAGER OF THE MERCHANTS BANK OF CANADA.

After serving the Merchants Bank of Canada for quarter of a century as general manager Mr. George Hague took a formal leave of the institution in that capacity at the recent annual meeting, when he delivered an address reminiscent of banking experiences in Canada before he took charge of the Bank and since assuming that task. In 1856, when he entered the Bank of Toronto as one of its first officers, the banks in Canada had only deposits to extent of $15,000,000, the present amount being $370,000,000. One half the loans of the banks were on real estate and other properties. In 1877 the critical condition of the Merchants Bank was so acute and alarming that a change of management was found necessary to save the institution, such a change as would quieten anxiety and restore confidence. At this juncture Mr. Hague was living in retirement at Toronto. Before he was formally approached steps were taken to ascertain whether it was likely he would accept an offer to assume the management. The offer was made, and was only accepted from a conviction that it was a duty to the public. The effect was an immediate quietening of distrust and alarm which went on until confidence was restored, during the progress of which movement the whole affairs of the Bank went through such a severe scrutiny and weeding as is rarely the lot of a financial institution. Mr. Hague made few references to his labours at that crisis and after, which saved the Merchants Bank of Canada from ruin and Canada from a disaster that would have very seriously obstructed her development.

At that period, 25 years ago, there was no road to the Northwest, British Columbia was as distant as India, and the only way to Monitoba was *via* Chicago and St. Paul. Mr. Hague said:

"British Columbia added very little to the productive capabilities of the country, compared with what it does now in gold, silver, coal and fish. There was no Yukon Territory then, with its $20,000,000 of gold exports; no great ranches under the Rocky Mountains with their immense herds of cattle; no Crow's Nest Pass, with its wealth of coal. The coal and iron of the Maritime Provinces had been somewhat exploited, certainly, but almost always at a heavy loss. Our great pulp industry, now so important, was then entirely unknown, and our vast spruce forests were considered to be of no value. In the older provinces business was in a state of extreme depression in 1877, and had been so for three years. We all hoped that the depression was about to pass away, but, as a matter of fact, it steadily deepened and grew worse for three years more. The total discounts were $135,000,000, I venture to say that of the $25,000,000 per annum of failures twenty-five years ago, a very large proportion would be represented, in one shape or other, in the discount lines of the banks, and would be a measure of the unsound elements that were to be found in that total of $135,000,000. And I may tell you now, what I think I have told the stockholders before, that I had, with the help of the directors and officers of the bank, to weed out and adjust insolvent estates to the amount of $8,000,000 during the first three years of my incumbency of office. Not that we lost that amount, or even one-half of it. By many of these insolvencies we lost nothing—our securities brought us out. But our losses were heavy enough to wipe out the rest and seriously impair the capital. But we were by no means the only sufferers by losses of that time—very far from it. Other banks suffered heavily too; and the price of bank stocks during those years afforded a remarkable indication of the severe times through which the country and the banks were passing. In June, 1872, Bank of Montreal stock stood at 227½. In 1877 it touched at the lowest point, 153½. And the decline continued, for in 1878 the lowest point was 136½; and in 1879, a year of well-remembered gloom and financial anxiety, the stock at its lowest point touched 125. And well do I remember a conversation with our President of that time, the Hon. John Hamilton, who was considering whether he should not sell out his stock in the Bank of Montreal, even at that low figure. I think my advice was to hold on, which, fortunately, he did. Bank of Toronto fell from 176, the highest point in 1877, to 106, the lowest in 1879. Bank of Commerce fell from 122, the highest in 1877, to 95, the lowest in 1879. And the stock of this bank, which had been about 125 a few years before, fell to 65 in 1877. This was on the unreduced capital. But as the gloomy times continued, and became worse and worse for nearly three years longer, even the reduced capital fell to 71 before a change for the better set in with the year 1880.

A sketch was given of the conditions of Manitoba prior to and immediately following the construction of the Canadian Pacific Railway. The "Manitoba Boom" came on, which first flooded that Province with money and then left it bankrupt and discredited. The whole N.W. Provinces then produced little more than a single county in Ontario, whereas last year they had a crop of 75 millions of bushels. From this topic Mr. Hague passed on to compare the foreign trade of Canada in the seventies with the record of last year. In 1875 the imports were $123,000,000 and exports $78,000,000; this year the imports will be $197,000,000, exports $210,000,000. The excess of imports for some years was declared to have "helped to produce the revolution and disaster that followed."

"It is interesting to compare the increase of our trade with the increase of population. In 1881 the population was 4,300,000, and the foreign trade $204,000,000. In 1901 the population was 5,400,000 and the foreign trade $387,000,000. Thus,