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The True



Witness

Vol. LVII., No. 22

MONTREAL, THURSDAY, DECEMBER 5 1907

PRICE FIVE CENTS

Gardien de la Salle de Lecture Feb 19 1908

Reunion at St. Patrick's.

A large and appreciative audience assembled last Sunday evening in St. Patrick's Church...

never once brought under any purifying influence, and thus are bred our workmen of the future.

"Intemperance," continued the preacher, "is blighting our industries. Consider the working men of the present generation...

The political apostolate regarded the citizen's right to vote. Father Ethelbert said there were now over four hundred saloons in Montreal...

The welfare of the commonwealth must rest ultimately upon the domestic and private life of the people.

In concluding Father Ethelbert said: "In the temperance cause obstacles will come and must come, but by God's help and the active operation of our men we shall see rising around us new life, new vigor and new resolution."

PARISH CHANGES.

Father Donnelly gave no Authority for Publicity. In connection with a lengthy article which appeared in Monday Night's Star...

SUPERIOR OF MONTFORT OR PHANAGE DEAD.

The Rev. Father P. Bouchet, Provincial of the Society of Mary and Superior of the Montfort Orphanage, died last night at the Dorval branch of his order...

THE BANK OF MONTREAL.

The ninetieth annual general meeting of the Shareholders of the Bank of Montreal was held in the Board Room of the institution on Monday at noon.

There were present:—Sir George Drummond, K.C.M.G., president; Mr. E. S. Clouston, vice-president and general manager; Sir William C. Macdonald, Sir Robert G. Reid, Hon. Robert Mackay, Messrs. James Ross, R. B. Angus, A. T. Paterson, James Croil, W. H. Evans, R. C. Fisher, A. C. Lyman, H. W. Aird, W. B. Blackader, G. J. Fleet, K.C.; James Kir- richard White, Huntley Drummond, F. S. Lyman, K.C.; M. S. Foley, B. A. Boas, R. W. Shepherd, Henry Mason, William Stanway, B. Dawson, A. G. Watson.

On motion of Mr. R. B. Angus, Sir George Drummond, President, was unanimously voted to the chair, and after this, it was resolved: "That the following be appointed to act as scrutineers: Messrs. F. S. Lyman, K.C., and G. F. C. Smith; and that Mr. James Aird be secretary of the meeting."

Mr. E. S. Clouston then submitted the report of the Directors as follows:

THE DIRECTORS' REPORT. The Directors have pleasure in presenting the Report showing the result of the Bank's business for the year ended 31st October, 1907.

Table with 2 columns: Description and Amount. Includes Dividend 2 1-2 per cent., paid 1st March, 1907, \$360,000.00.

Balance of Profit and Loss carried forward \$ 699,969 88. Since the last Annual Meeting Branches have been opened at Medicine Hat, Alta., and Charlottetown, P.E.I., and sub-agencies at Chilliwack, B.C., Summerland, B.C., Rosefield, Man., Westminster Avenue (Van- couver), Hull, P.Q., St. Roch's (Quebec), Marysville, N.B., and Dundas Branch at Prince Rupert, B.C.

On the 20th April last the Bank acquired the business of the People's Bank of New Brunswick at Fredericton, N.B.

All the Offices of the Bank, including the Head Office, have been inspected during the past year.

Bank of Montreal, Montreal, 2nd December, 1907.

GENERAL STATEMENT. The General Statement of the position of the Bank, 31st October, 1907, is as follows:

Table with 2 columns: Description and Amount. Includes Capital Stock \$14,400,000.00, Balance of Profits carried forward \$699,969.88.

LIABILITIES. Capital Stock \$14,400,000.00, Rest \$11,000,000.00, Balance of Profits carried forward \$699,969.88.

ASSETS. Gold and Silver Coin current \$7,729,734.99, Government demand notes \$4,320,385.25, Deposit with Dominion Government required by Act of Parliament for security of general bank note circulation \$550,000.00.

Due by agencies of this bank and other banks in Great Britain \$4,530,021.75, Due by agencies of this bank and other banks in Foreign countries \$3,084,813.32.

Call and short Loans in Great Britain and United States \$23,341,220.00, Dominion and Provincial Government Securities \$30,956,055.07.

Railway and other Bonds, debentures and stocks \$1,329,927.69, Notes and cheques of other banks \$9,556,819.75.

Bank Premises at Montreal and Branches \$59,263,257.84, Current loans and discounts in Canada and elsewhere (abate interest reserved) and other assets \$600,000.00.

Debits secured by mortgage and otherwise \$105,107,113.91, Overdue debts not specially secured (loss provided for) \$172,527.45.

Bank of Montreal, Montreal, 31st October, 1907.

THE VICE-PRESIDENT. The Vice-President then spoke as follows: There is not much in the General Statement, laid before you, calling for special comment.

There is not much in the General Statement, laid before you, calling for special comment. Deposits not bearing interest have temporarily increased since last year \$5,200,000.

Deposits bearing interest have decreased \$9,000,000; partly through the withdrawal of funds for railway construction and partly owing to our depositors making more permanent investments in securities at the present tempting low prices.

There has been, however, a satisfactory and general increase in our regular deposit business through the entire Dominion. To meet the special withdrawal and to provide for the increase in our current loans in Canada, we have reduced our call loans in other countries \$6,400,000.

Our profits have been satisfactory, showing \$1,180,000, as against \$1,797,000 last year. The Bank Premises Account remains at the nominal amount of \$600,000. Every year a certain expenditure will be made on this account, and I do not see that any good object will be served by increasing the figure at which it stands.

Early in the year, in view of the approaching stringency in the money markets of the world, we slightly advanced our rates of discount, not so much with a desire to increase our profits, but more to give a practical

indication to our customers of our expectations of the trend of financial affairs, and to impress upon them that in the conduct of their business they must bear it in mind and govern themselves accordingly.

THIS FROSTY WEATHER

Is just perfect for our pure wool underwear, something that's guaranteed to make you comfortable.

The heavy wool Hose are much needed now, and we can show you a very long range.

We're about ready for the Holiday Rush, Bigger assortment than you ever thought of in Neckwear, Gloves, Mufflers, Silk Handkerchiefs, Smoking Jackets, Dressing Gowns, Fancy Suspenders, and in fact anything in gentlemen's wear.

Clergymen, we carry a full line of Roman collars, all sizes.

BRENNAN'S

2 Stores: 251 St. Catherine St. West 7 " East

crop is now being forwarded in a normal way, and there are buyers for all grades of wheat in the market. There is one factor in the condition of affairs in the Northwest which must not be lost sight of, and that is the large amount of low grade wheat in this year's crop.

It is a much more risky one for exporters to handle, and rendering it necessary for banks to be more careful in granting credits.

I wish to allude briefly to some criticism which has recently been made in the press respecting the practice of Canadian banks in keeping a portion of their reserves in other countries. The aggregate of call and current loans by the banks elsewhere than in Canada, approximating at times \$100,000,000, has been cited as evidence that these institutions are not serving the needs of Canadian borrowers as freely as they might, were all this money loaned in this country.

In the first place, let me point out that a year ago, when these loans abroad, in England, the United States and other countries, amounted to \$96,000,000, the banks had deposits made with their foreign branches of \$55,000,000; so that the actual net amount of foreign loans was only some \$41,000,000.

Every dollar of this money is loaned on call or at short date, upon the most ample security. It constitutes a part of the reserves of Canadian banks. If to-morrow we were to call in the whole of our loans of this class, which are at all times immediately available, the mercantile public of Canada would derive absolutely no benefit from the action.

Being a portion of our reserves, the choice given the bank is between retaining the money unproductive in its vaults, or lending it at upon interest in foreign financial centres. We adopt the latter alternative as being in the interest not alone of the Shareholders, but of the commercial community of Canada.

Let me illustrate this by a concrete case. A year ago the banks had \$96,000,000 loans abroad; to-day these loans amount to \$73,200,000, a reduction of \$23,000,000. In the same period current loans in Canada have been enlarged by \$48,000,000, and the cash reserves have been increased upwards of \$5,000,000; that is to say, as occasion warranted, the banks have drawn upon their reserves abroad to meet requirements at home, and have carried on the process with as much facility as if the reserves had been stored in their own vaults.

Assume that their call loans on readily realized securities protected by ample margins, had been in the same markets in Canada, and that the money was required for commercial purposes, does anyone suppose that the sudden calling in of the loans would not have been attended by most baneful effects? In making such loans here we would probably have enhanced local stock market values unduly, to be followed by a sharp collapse and serious losses upon their sudden withdrawal. The employment by Canadian banks of a portion of their reserves in call loans abroad is not a new policy. It has prevailed from the beginning of our banking, and is in the interest alike of banks shareholders and bank depositors.

I wish also to correct another erroneous impression which appears to have crept into the public mind, and that is, in consequence of the financial condition in the United States our loans are tied up and the money cannot be brought into Canada. I have no hesitation in saying that there has been no time during the present crisis when we could not realize all our call loans in the United States, and transfer the proceeds to England, whence we could easily import gold here if it should be considered advisable. But as we know how liquid and available they are, we continue to retain all that is not needed here, both as part of our reserves and as a valuable aid to our international exchanges.

THE PRESIDENT'S REMARKS. The President, in moving the adoption of the Directors' report, said: Our review would be imperfect without reference to the startling financial collapse which has taken place in the neighboring Republic. It first evidenced itself in the decline in values of stocks and securities of all kinds, and this shrinkage, before needed here, assumed unexampled proportions as the supply of credit for speculation failed. The distrust spread to banks and trust companies, and was duly followed by the hoarding of currency, and, of course, a serious interference with ordinary commercial transactions and undertak-

ings. As a result of this declination of credit, the suspension or failure of several important financial institutions ensued. Following, as this reverse did, on a period of unexampled prosperity and inflation, during which credit was abundant, capital poured forth freely, with in consequence a more or less general rise in the price of commodities and labor, when sound principles of finance were forgotten, and fictitious capital created to an enormous extent, it was only consistent with all previous experience, and apparently inevitable, that a reaction should come. To this result, the most prominent was a wave of distrust and hostility to corporations and capital, which seems to have passed over the United States, and for which some justification was given by the management of some great companies within its borders.

This hostility to corporations, in my view, merely hastened the commercial collapse, bound to come anyway. Strangely enough, the hostility to which I refer has manifested itself strongly against railways, in spite of the fact that all the great lines on this continent have been constructed and are operated at least as cheaply and efficiently as anywhere in the world, with a consequent preponderating influence on the development of the country and a substantial assistance in raising the price receivable by the agriculturists for their produce.

No doubt all these disturbing conditions must be expected to pass away and normal and sane views once more rule, and it must not be overlooked that all the present trouble leaves the resources of that country practically undiminished and its powers of recuperation unimpaired.

Here in Canada we have escaped most, if not all, of the troubles of our neighbors. The collapse in stocks has, no doubt, affected many investors, but beyond a certain tightening of the money market and advancing interest, I see no evidence of serious ill-effects. The banks have been acting with caution and reserve, which is eminently proper with a conflagration raging next door; but, as the detailed review which follows will show, consumptive demand has been good, and the excellent business of the early part of the year has shown little abatement up to the present time.

Woolens—A good volume of trade in imported goods; our home mills not flourishing under increasing importations. Boots and Shoes—The advance in leather has left insufficient margin, and spring trade is expected to be short.

Lumber—Exports to Great Britain have fallen off, though the total exports may exceed \$30,000,000. The limitation of credit will affect the winter's output, which is expected to be considerably curtailed, and wages are declining accordingly. The demand for pulpwood for the United States continues, and offsets the diminished trade in other directions.

Iron and hardware—The total business large, symptoms of retrenchment now apparent. Chemicals—Report an increase of 10 to 20 per cent over last year. Grocery trade—Large trade, with fair profits, with, however, the usual lull at this season.

Dry goods trade has been good, though, in common with other businesses, a lessening is now visible. Cotton manufactures have had a busy season, and largely exceed 1906. The failures of the year do not show a material difference from 1906 being for the whole country 1187 in number, with liabilities, \$10,259,512, as against 1257, with liabilities, \$9,954,821 for the year 1906.

Notwithstanding reduced crops, the farmer is being recouped by higher prices: 25 to 28 cents per bushel for wheat, 16 to 17 cents per bushel for corn, 14 cents per bushel for peas, 15 to 16 cents per bushel for oats; \$4 to \$5 per ton for hay. Against this must be set the fact that poor crops ruled in this province, and feed of all kinds is scarce and dear.

The shipping interests have participated in the general prosperity of the country. The passenger traffic has been large, both eastbound and westbound, and of all classes—cabin, intermediate and steerage. A noteworthy feature is that numbers of the latter, who, being immigrants in the spring, became passengers in the autumn, with the indication merely of spending the winter with their work and of returning to their work.

(Continued on Page 4.)