

# CANADA'S POSITION REVIEWED

## AT BANK OF MONTREAL ANNUAL

### BANK OF MONTREAL ANNUAL MEETING

**Sir Vincent Meredith, President, Points Out Manner in Which Many of Present Difficulties Can Be Overcome—Favors More Equitable Distribution of Taxation, so as to Cover All Classes Who Are Able to Pay—Sir Frederick Williams-Taylor, General Manager, Draws Attention to Fact That Bank Was Never in a Healthier State and Deals With Manner in Which Exchange Between Canada and United States Can Be Corrected.**

Montreal, Dec. 20.—(Special)—The annual meeting of the Bank of Montreal, held at the head office, was marked by important references to the main problems which the Dominion of Canada has to solve during the period of reconstruction. The world is passing through a period of very peculiar conditions and in dealing with many of the problems both Sir Vincent Meredith, the President, and Sir Frederick Williams-Taylor, the General Manager, pointed out how many of them might be overcome and what Canada should do in order that the financial conditions of the country should be maintained in a healthy state.

Sir Vincent attributed the high cost of living very largely to the pressing demands of European countries for commodities of every nature. He considered that in Canada it might be possible to look forward confidently to a reduction in all commodities, both at home and abroad, after another harvest.

He dealt particularly with the change in opinion that had developed as regards the relation of gold reserve to note circulation. He expressed the view that it might be a part of wisdom to depart from the old notions of the rigidity of the gold reserve and recognize that we are justified in enlarging our note issuing powers to respond to all legitimate business demands in periods of great trade activity or emergency, provided such expansion is based on self-liquidating securities.

The President also pointed out that it was vitally important that the unoccupied areas of Canada should be settled and made productive with as much rapidity as possible, the future prosperity of the country and ability to meet our debts being largely dependent on increased production.

The question of taxation in Canada also received particular attention and Sir Vincent expressed the view that trade was being hampered by a somewhat penalizing excess business profit tax. Furthermore, enterprise and expansion are stifled and foreign establishments deterred from entering the Canadian industrial field. He expressed the view that Canada should do away with many exemptions and impose taxation on all classes of the community who have the ability to pay and at the same time place a higher tariff upon imported luxuries, which would cause little hardship and at the same time considerably ease a strained financial situation.

### Difficulties to Be Overcome

Sir Frederick Williams-Taylor, the General Manager, dealt more particularly with the record of the Bank during the past year, but also touched on many of the developments outside of the country which had a bearing on the situation. Sir Frederick stated that it was no reassuring reflection that the United States has already reduced her war debt by some \$800,000,000, while Canada was confronted with an increase of \$600,000,000 for the current year.

Sir Frederick took occasion to point out that it was a matter of sufficient importance to bear repeating that there had been no profiteering whatever by the banks of Canada, for the price of money had not been raised. Alone of all commodities, the cost to the borrower of loanable funds of

the banking institutions of the country had remained unchanged. Not only was this the case, but speaking for the Bank itself, it was only proper that the shareholders should know that in handling business entrusted by the several Governments during the war and since, the policy had been to charge only the narrowest of commissions and minimum interest rates. In many instances, where the services were of a war character, the Bank had acted free of charge.

A satisfactory sign of the times in Canada was the increase in buying power for first-class securities. This is a healthy and desirable condition, induced by Government war loans and war savings certificates. It is vital that Canadians should recognize the virtue of saving, as between production and thrift, though they go hand in hand, the latter is fundamental and leads naturally to the former.

### General Trade Activity

Sir Vincent Meredith, in his address to shareholders, said, in part:

"General trade in practically all branches had been active and profitable during the war and the Bank has participated in the general prosperity. The balance sheet shows profits in moderate proportion to the resources employed, and yet, I trust, not unsatisfactory to the shareholders. That reaction from the feverish activities and high prices produced by the vast conflict, which so many apprehended, has not occurred, nor can it be said to be impending. The feeling as to the future is less optimistic than it has been, but the great pressure on our agricultural and manufactured resources, caused by home and foreign demand, shows no signs of abatement.

### Three Indispensable Factors

"There are three indispensable factors to the upbuilding of Canada—immigration, production and exports. Immigration during the last five years has been negligible, owing to the war. In the first seven months of the current fiscal year, new arrivals numbered 82,893, of whom 42,377 came from Great Britain and 35,949 from the United States. While these figures do not represent a large movement as compared with several pre-war periods, they show a gain of 51,734 immigrants, or about 166 per cent. over the corresponding months last year. After-the-war emigration of foreign-born has taken place in fairly large volume, the exact figures of which are not obtainable.

"With regard to the subject of foreign trade, it is only a matter of time before increased production will overtake domestic demands, and unless preparations are made in advance for finding markets overseas for our exportable surplus of raw materials and manufactured goods, our uninterrupted prosperity may be checked. The needs of foreign countries are great and pressing, and profitable business awaits the Canadian exporter, but it cannot be acquired unless long term credits are provided.

"Our Government has been far-seeing in giving assistance in this direction, and, no doubt, is prepared to extend further aid, provided exporters, who reap the benefit, will assume a proportion of the risk.

"Self-interest alone would seem to dictate that credit facilities be extended to those countries who can demonstrate their ability to pay if given reasonable time, and we would thus avoid the possibility of abrupt changes in industrial conditions and bring about a gradual return of international trade equilibrium.

"I cannot close without voicing what, I am sure, is the feeling of every Canadian—that the recent visit to Canada of His Royal Highness, the Prince of Wales, not only gave abiding pleasure to every class of our population, but rendered a great and memorable service to the Empire in strengthening the Throne in the affection and confidence