

Bank of Montreal Annual Meeting

Shareholders Received Centenary Balance Sheet—Sir Vincent Meredith, Bart., President, Has Completed Fifty Years of Uninterrupted Service in the Bank—Important Developments of Canada's Trade—Banking Officials Conservatively Optimistic Regarding Outlook of Dominion.

At the annual meeting of the Bank of Montreal the shareholders received the centenary balance sheet of the bank.

By an interesting coincidence the event also marked the close of fifty years of uninterrupted service in the bank by the President, Sir Vincent Meredith. On this account the gathering took the form of a celebration. This was observed entirely from the standpoint of the bank's continued growth and expansion. The shareholders present had every reason to be well satisfied with the reports received, as Sir Vincent Meredith remarked that he felt warranted in stating that never, during its history of one hundred years was the prestige of the bank higher; its business in sound or more elastic condition and its earning power greater than he believed them to be today. He was glad to believe also that the bank had never enjoyed a wider measure of public confidence. In his address Sir Vincent Meredith drew particular attention to the business conditions in Canada and the more important events that had occurred during the course of the past year to effect the economic condition of the Dominion.

The most important development in this connection was the entry of the United States into the European conflict and Sir Vincent expressed the view that with the numerous resources which the United States has in men and money it cannot be but an important factor in bringing the war to a speedy and successful conclusion. Sir Vincent then pointed out that in point of value the trade of Canada had never been as great as now and in point of volume had never been exceeded. It was well to remember, however, that nearly one-half of the export trade consists of munitions of war and is therefore to that extent unstable. The balance in trade continued favorable to Canada as imports of merchandise during seven months amounted to \$628,100,000 and exports of domestic products to \$921,957,000, giving a favorable balance of nearly \$300,000,000.

Sir Vincent then dealt with the chief features of trade as between Canada and England and the United States.

Looking out on the future, Sir Vincent took a conservatively optimistic view when he said:

"Our country is one of the most productive in the world. Our gold holdings per capita almost equal those of the United States. Our natural resources are unbounded and our credit is irreproachable. There are no doubt difficulties and anxieties ahead which we shall still have to face, but I think we may look forward with confidence to providing without undue strain for the burden of our patriotic endeavor."

Sir Vincent also congratulated Canada on the success of the new Victory Loan and expressed the view that the amount obtained should suffice, with the surplus on consolidated requirements of the Government until well on towards the end of next year.

It was only when Sir Frederick Williams Taylor, the General Manager, arose to submit his statement that the Shareholders learned that the anniversary of Sir Vincent was also being observed. In this connection Sir Frederick made a very happy allusion when he said: "I feel it a great privilege to present to-day the centenary balance sheet of the Bank of Montreal."

"Coincident with this anniversary, our President, Sir Vincent Meredith, has completed fifty years of uninterrupted service in this Bank and it is befitting that we should extend to both our heartiest congratulations."

Sir Frederick's remarks were confined largely to specific incidents and influences bearing upon the business of the bank.

Of paramount importance was the entry of the United States of America into the war, as this bears upon the Canadian economic and banking position with a force the effect of which is only now commencing to be felt.

Shortly after the outbreak of the war Wall Street took the place of the London market for Canada's public loans, and continued in that place until a few months ago. Now the influx of American capital is scanty, the inflow of borrowed money from the United States is suspended and Canada is thrown upon her own financial resources.

By some this would be regarded too seriously, by others not seriously enough. Actually, the stoppage would have far-reaching consequences. On the one hand industrial development will be checked, but, on the other hand, the inability to borrow may prove a blessing in disguise, once we have adjusted our affairs to the changed conditions. It was surely well for us to learn to do without financial assistance, especially as the country at large already has a debt abroad the interest of which runs into the great sum of about \$500,000 per day.

Sir Frederick then passed on to an explanation of the principal changes of the business of the bank in London and New York, and also the chief changes in the balance sheet.

Sir Frederick pointed out that for the first time in many years the automatic flow of funds between Canada and the United States recently became hampered by the dollar exchange situation that arose in consequence of the prohibition of exports of gold by the United States. As New York is the international clearing house of Canada on this continent, the free movement of gold is essential to stabilize exchange.

Fortunately the American Government were quick to recognize the logic of the arguments the Canadian Bankers' Association were able to present to them and the disadvantages to free trading that would follow unless this condition was rectified, and promptly relieved the situation by modifying their embargo on gold shipments in favor of Canada. Due partly to this wise action, exchange has since become normal, obviating the necessity of gold importations.

The balance of trade in Canada's favor created by munition exports is opportune and adds permanently to our national wealth, but as the available resources of Canada are not such as we can rely upon to provide peace exports in full substitution, we should stand prepared to meet the declension in trade which must start when the war is over.

Before the war is ended Canada may have to cope with inability or unwillingness on the part of potential purchasers to provide payments for our surplus productions. Moreover, on the conclusion of peace our merchants and manufacturers may be confronted both by diminished demand and falling markets.

For these reasons good banking profits are needed. I do not hesitate to state that there has never been a time in Canada when banking credits, in my opinion, required such careful consideration. It is impossible to gauge the business future, and, therefore, what seems like sound banking business to-day may, under post-war conditions, easily develop into lock-up or doubtful loans.

Thanks mainly to the soundness of our banking system and to the healthy conditions of our banks, Canada can still hold up her financial head. Our own bank's ratio of quick assets to liabilities is 75½% compared with 75% a year ago and 64% the preceding year.

We have heard it remarked by certain friends that the Canadian banks are too strong, and your own bank particularly so, but permit me to express my clear conviction