

Canada Has Many Problems to Face During Coming Year.

BANK OF MONTREAL ANNUAL MEETING

SIR VINCENT MEREDITH, the President, Favored System of Taxation That Would Affect All Classes of Community Who Have Ability to Pay—Sir Frederick Williams-Taylor, General Manager, points out That There Had Been No Profiteering by Banks During War Period, As Loanable Funds Had Remained Unchanged—Bank Had Never Been in a Healthier State.

At the annual meeting of the Bank of Montreal, at the head office of the Bank, Sir Vincent Meredith, the President, in his annual address, took occasion to refer particularly to the many problems with which Canada was at present confronted and to the best manner in which these could be solved. It is generally recognized that these problems at the moment are of almost an unprecedented character and, therefore, they are of the greatest importance to the mercantile interests of the country.

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 out 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.

Sir Frederick also dealt particularly with the position of exchange as between Canada and the United States. He pointed out that the repayment to Canada of the monies aggregating \$420,000,000, owed us by Great Britain and the Allies, would quickly cause the premium in question to disappear. Referring to the financing which the Dominion Government had carried out in New York, when it secured \$75,000,000 for refunding purposes, Sir Frederick stated that the terms paid by the Government were onerous but unavoidable. Evidence that the price of issue was in keeping with the American conditions is furnished by the fact that there has since been no rise in the quoted price. Incidentally it could be mentioned that Canada secured as good terms as in the case of the recent British loan of \$250,000,000 in the same market.

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.