

has been put aside to cover depreciation on bonds and securities. It was explained at the annual meeting that these securities include British Consols, Dominion of Canada and Province of Ontario bonds, and that they would not subsequently be written up. In thus writing down their security holdings, the directors of the Molsons Bank are following the best practice, both of banks and other large financial organisations, and their action will be approved as soundly conservative.

#### CAUTION NECESSARY.

In his address at Tuesday's annual meeting of the shareholders, an interesting address was made by Mr. W. Molson Macpherson, the President, who alluded to the difficulties of the past year and suggested caution in all business transactions for the present. While this is, however, necessary, the facts which Mr. Macpherson was able to adduce regarding present conditions in Canada however, show that with judicious management there is no reason to take an alarmist view of the outlook. A bountiful harvest has been gathered; immigration continues on a large scale; the railways are building rapidly and opening up new territory for development; the banks have increased their capital during the last twelve months by some two and three quarter millions and found ample use for the additional funds, and in other directions developments are being made along sound lines. Cordial recognition was made of the work of the staff under the guidance of the well-known General Manager (Mr. James Elliot), and Mr. E. C. Pratt, who rejoined the Bank's staff a few months ago and now occupies the position of assistant general manager. The board of directors, consisting of well-known business men, was re-elected as follows:—Messrs. W. M. Birks, W. A. Black, George E. Drummond, S. H. Ewing, W. Molson Macpherson, F. W. Molson, and David McNicoll. At a subsequent meeting, Mr. W. Molson Macpherson was re-elected president and Mr. S. H. Ewing, vice-president for the ensuing year.

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#### THE SCRAMBLE FOR CAPITAL.

**Lord Milner Suggests a Tremendous Demand for Many Years—Development of New Countries Synchronises with Industrial Reawakening of Old Countries—Very Few with Surplus Capital.**

In a recent address at Birmingham under the title of "the scramble for capital," Lord Milner said that in a sense, there was always a scramble for capital in every community. It was an economically progressive state. Ten years ago, when the South African War was still quite recent, Consols stood at about 90. To-day they were 74. In other words, ten years ago the State could borrow at about £2 10s. per cent., while to-day it would have to pay £3 8s. The difference was enormous. A similar fate had overtaken the stocks of almost every Government in the world which had been in the enjoyment of first-rate credit. The fact was that capital was no longer prepared to serve on the terms which it was formerly willing to accept. It had, so to speak, struck for higher wages. A vast demand had been made upon capital by the rapid development of so many new countries and the simultaneous awakening into great industrial activity of certain old countries. There had never been a

time when so many new countries were rapidly growing all at once, and pulling all at once on the surplus capital of the old countries. In time, no doubt, they would be better able to help themselves, and the pull would diminish.

#### FUTURE OF SOUTH AMERICA.

But what a vista of development and of feverish competition for capital lay in front of them before that time was reached! There was the whole vast continent of South America to be thought of. The phenomenal growth of Argentina would presently be equalled, if not exceeded, by that of other South American States. The twentieth century might see in South America a repetition on an even greater scale of the experience of the United States during the second half of the nineteenth century. And within our own Empire there was a similar quickening of the pace, and a similar need for external aid, not in one, but in many quarters. Not only were the self-governing Dominions, one and all, going ahead and clamoring for the assistance of European, and, naturally, in the first instance, of British capital, there was also rapid economic development close at hand in several of the tropical dependencies, certainly in East and West Africa and in the Soudan. The opening of the Panama Canal would probably be followed by a no less urgent call from the long-neglected and almost forgotten West Indies. Where was all the money coming from to satisfy these deserving, but far too numerous, suitors at one and the same time?

#### INDUSTRIAL ACTIVITY IN OLD LANDS.

The situation was not relieved by the fact that concurrently with this sudden development of lands which until quite recently were wildernesses there was a greatly intensified and, in some cases, quite novel industrial activity among certain peoples of long-established civilization. Germany's dash forward into the very first rank of industrial nations had been almost stupefying; but behind Germany there was Russia. It staggered the imagination to think what would be the consequences if the change which had come over Germany were to extend to the whole of that enormous territory, as it was already extending to certain portions of it. Neither must they forget the progress of industrialism in the Far East, in India, in Japan, and even in China; but the effect of all these changes, however greatly they might in the long run enhance the wealth and the capital of the world was, in the first instance, to increase rather than to diminish the competition for capital. It was really only Great Britain and France, perhaps above all France, and some of the smaller States in Northern Europe and the United States which had any considerable amount of surplus capital to place at the disposal of other people. When they thought how many those others were and how much they all really needed, it did not look as if there would be any diminution in the scramble. In time, no doubt, a change would come, but his own feeling was that it would be a long while before we again saw anything like that "glut of capital" of which it was once the fashion to speak.

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The Merchants Bank has opened branches at Ormstown, Que.; New Glasgow, N.S.; Ganges Harbor, B.C., and Shaunavon, Sask.