

BANK OF MONTREAL

ANNUAL MEETING

Sir Vincent Meredith, Bart., President, and Sir Frederick Williams-Taylor, General Manager, Insist Strongly on Policy of Preparedness—Economy, Production and Immigration Should Be Its Principal Features—67% of the Male Staff of the Bank of Military Age Have Enlisted for Overseas Service.

The Ninety-ninth annual meeting of the Bank of Montreal was held at the Head Office of the Bank at Montreal on Monday, December 4th. The addresses submitted by Sir Vincent Meredith, Bart., President, and Sir Frederick Williams-Taylor, General Manager, dealt especially with the policy of preparedness it is urgent the Dominion should adopt in order to be ready for the period of readjustment that must necessarily come at the close of the war. The principal features of the policy should be Economy, Production and Immigration.

Attention was also drawn to the temporary character of the present industrial activities in Canada and the necessity of recognizing same. Confidence was expressed in Canada's ability to solve the problems that might present themselves. Special reference was made to the large number of the staff of the Bank now serving with the Colors and the illustrious record they had made.

THE PRESIDENT'S ADDRESS.

Sir Vincent Meredith, Bart., president, in his address to shareholders, said:—

I hoped when I last had the pleasure of addressing you that before this Annual Meeting the end of the cruel and devastating war which has convulsed Europe would be, if not reached, at least within measurable distance. In this expectation we have been disappointed. No one can yet fix the day of its termination, but I am sure I express your feelings when I say we hold an unshaken confidence of the ultimate victory of Britain and her Allies.

Canada, inspired by a deep-rooted loyalty to the Empire, has given and is still prepared to give freely her gallant youth and monetary means to the great cause, upon the success of which her liberties and national existence so greatly depend.

The year has again been one of considerable anxiety to all those engaged in financial affairs. Our profits have been curtailed by payments of Government taxes at home and abroad, while earnings on loans in Canada have been affected by reduced borrowings on the part of our customers. It is not, however, an unfavourable feature that the prosperity of large manufacturing industries and business in general, has produced a curtailment of bank loans and converted borrowers into depositors. The low rates of interest on that portion of our reserves carried in New York have also been a contributing factor to diminished earnings compared with those antecedent to the war. But despite these disabilities, we have been able, after making what we believe to be full provision for bad and doubtful debts, to pay our usual dividends with the customary bonus and to carry a balance to credit of Profit and Loss Account. I trust, therefore, that under the circumstances you will consider the results of the banking year satisfactory.

RELATIONS OF UNITED STATES AND ALLIED COUNTRIES.

The wide ramifications of the business of the Bank make us necessarily deeply concerned with commercial conditions in other countries. In Great Britain, general trade has been spurred to great activity by the war's demands.

There has been no lack of employment, wages have risen, money has been circulated freely, returning to the Banks in the form of increased deposits, and for the time being, at least, prosperity has prevailed, despite the displacement of labour by the war.

In the United States, also as a result of the war, there is an activity in business unexampled in its history. The shipments of gold to that country in payment of munitions, grain and other commodities have reached a sum in excess of \$700,000,000 since the outbreak of the war. This huge inflow of the precious metal, together with the fact that under the new Federal Reserve Act the proportion of reserves required to be carried by the Banks has been reduced, is causing concern to many financial men, who fear that it will bring about a period of inflation to be followed by a serious financial reaction.

At present these conditions are serving a useful purpose to the Allied Countries by causing a plethora of money, thereby enabling them to borrow at comparatively reasonable rates of interest. If the United States market will continue to look with favour on further Allied loans, any menace to the financial situation to that extent will be removed.

The recent action of the Federal Reserve Board in counselling caution in the investment of American Bank funds in Treasury Bills of Entente Powers: it is thought may be intended as a warning to imprudent or inexperienced bankers. It is hoped, however, that it will not bring about a diminution in Allied borrowings in the United States, with the possibility of a check in the volume of trade with Europe.

The Allied loans so far issued in New York aggregate \$1,585,000,000, of which sum Great Britain has borrowed \$860,000,000, France \$570,000,000, Russia \$130,000,000, and Italy \$25,000,000.

BUSINESS CONDITIONS IN CANADA.

As the result of the phenomenal crop of a year ago, coupled with vast expenditures by the Allied Governments in this country for munitions and by our own Government for requirements in connection with the war, high wages are being paid for all classes of labour, and trade conditions at the moment in Canada are buoyant in nearly all lines of business. The few exceptions will, generally speaking, be found in industries concerned with the production and sale of luxuries.

Owing to unusual adverse climatic conditions and decreased acreage, the yield of wheat this season will probably not exceed in quantity in the North West one-half of last year's bountiful crop, and will fall somewhat below the average in the older provinces; but the farmers will be largely compensated for the diminished yield by the high prices being paid for grain and all other farm products. Estimates this season are, as is usual, conflicting, but those believed to be most reliable give a wheat crop for the three North West Provinces of 160,000,000 to 175,000,000 bushels, and for all Canada 185,000,000 to 200,000,000 bushels, and it is not improbable it may exceed these figures. Were it not for the fact that our shipment of grain to

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