

THE BANK OF MONTREAL'S MEETING.

The addresses made by Sir Vincent Meredith (president) and by Sir Frederick Williams-Taylor (general manager) at the annual meeting of the Bank of Montreal's shareholders this week were singularly impressive. They were distinguished alike by a note of high patriotism and by most searching analyses of the fundamentals of the Canadian economic position. These addresses may be especially commended to some of our unthinking optimists, who will find therein much material for sobering thought. The bankers' utterances are, of course, in no way depressing. But there is the frank recognition, not only of things as they are, but as they are likely to be, the realization that the coming of peace means almost as gigantic an upheaval as did the coming of war in 1914, and that meantime we are assuming burdens of a permanent character, the weight of which will be oppressively heavy unless the necessary steps are taken in advance to minimise it. Sir Vincent Meredith warned his hearers that while our industries may be able to carry on actively for some time after the conclusion of peace, we must be prepared, immediately following a hasty rehabilitation of Europe, to meet the keenest possible foreign competition. To meet this successfully "efficiency, efficiency, efficiency, must be our watchword conjoined with economy in all walks of life."

THE CANADIAN POSITION.

In the course of his illuminating analysis of Canadian conditions, Sir Vincent drew attention to the fact that while grain production is not more than about half that of last year, the farmers will be largely compensated for this year's diminution in yield through the high prices being paid for grain and all other farm and dairy products. Financial conditions in the Dominion, the speaker also noted, have been greatly ameliorated through the change brought about in Canada's foreign trade balance by the immense crops of 1915, together with the great output of war supplies. For the seven months of the fiscal year to October 31st, 1915, the excess of imports over domestic exports of merchandise, was \$145,000,000, while in the corresponding period of this year, the excess of exports over imports has reached \$160,000,000. It may be noted that expansion in exports and not a restriction in imports is solely responsible for this change in the trade balance, to the extent of \$300,000,000, imports in fact at present reaching unprecedented dimensions. With this fact may be compared the information given by Sir Frederick Williams-Taylor in regard to our borrowings in the United States. These during the past twelve months amounted to \$153,000,000 (including the Dominion Government's loan of \$75,000,000), compared with \$142,000,000 in the previous twelve months and \$25,000,000 in 1914. Accordingly, the interest due on Canadian indebtedness abroad, mainly to Great Britain and the United States, has been increased to \$175,000,000 annually, which amount has to be taken care of by our exports in addition to our imports, or else must be met by yet further borrowing.

OBJECTS TO BE ATTAINED.

While there may be no difficulty at present in meeting interest payments through exports, the

transitory character of the present export business of the Dominion must necessarily be recognized, and precautions taken to reduce the burden when the war demand for our manufactures ceases and the prices of our agricultural products fall, possibly by one-third or more. The three objects to which every effort must now be bent are, in Sir Vincent's opinion (1) economy, to provide the Government with funds and make provision for future taxes; (2), production, to increase exports and furnish more plentifully home markets; (3) immigration, more particularly of settlers seeking the land. It is significant that neither Sir Vincent Meredith nor Sir Frederick Williams-Taylor are greatly impressed with the alleged prospect for a large immigration immediately after the war, an idea that is being rather thoughtlessly pushed in some quarters, though both agree as to the necessity of continuing efforts after immigration of a desirable type.

THE BANK'S POLICY.

The statement made by Sir Frederick Williams-Taylor in regard to the policy followed by the Bank during the year contains a number of interesting points. He mentioned that the substantial reserves carried by the Bank in London had been there employed with advantage to the Empire, as the chief securities in which the Bank deals, either by way of loan or purchase, are British Government securities, while the Bank is among the important and appreciated lenders of short money in the London market. In New York, the rate for call money during the year averaged only 2.30 per cent. At such rates, loaning is not a particularly profitable operation, but the Bank's policy remains unchanged of carrying important reserves in New York, no matter what their earning power may be. The increased ratio of quick assets to liabilities to the public—75.2 per cent this year, against 64.3 per cent last year—Sir Frederick explained, was sound and wise in the opinion of those responsible for the Bank, since large deposits of a special character are carried.

THE BANK'S BALANCE SHEET.

The balance sheet of the Bank for the year ended October 31st last has already been noticed in these columns. Following is a comparison of the leading items of this year with last year:—

	1916.	1915.
	\$	\$
Capital Stock.....	16,000,000	16,000,000
Reserve.....	16,000,000	16,000,000
Circulation.....	21,779,134	17,376,782
Deposits (not bearing interest).....	88,767,018	75,745,730
Deposits (bearing interest).....	210,439,032	160,277,084
Total Liabilities to Public.....	328,419,793	264,540,759
Specie and Legals.....	41,314,019	40,269,804
Central Gold Reserve.....	7,500,000	1,500,000
Call Loans Abroad.....	113,002,097	70,957,528
Bank Balances Abroad.....	31,631,237	26,793,150
Total of Quick Assets.....	246,982,680	170,007,568
Current loans and discounts.....	111,462,901	121,175,954
Total Assets.....	365,215,542	302,980,555

The reduction in current loans, it seems, is due directly to the remarkable ease in the financial position of industrial companies as a result of their provision of war supplies and munitions.

It remains only to note the proud record made by the Bank in the matter of military service. Sixty-seven per cent of the staff of military age have enlisted; of whom 51 have been killed, and 107 are wounded, missing or prisoners of war, while several have been decorated for conspicuous gallantry.