

THE BANK OF MONTREAL

Proceedings at the 97th Annual Meeting of Shareholders.

The 97th annual general meeting of the shareholders of the Bank of Montreal was held in the board room of the head office of the bank on Monday, December 7th.

The meeting was addressed by Mr. H. V. Meredith, the president, and Sir Frederick Williams-Taylor, the general manager.

THE PRESIDENT'S ADDRESS.

In moving the adoption of the annual statement, Mr. H. V. Meredith, the president, said:—

The statements presented to you will, I trust, be received with satisfaction.

While profits show a diminution compared with those of the preceding year, the shrinkage is mainly attributable to the fact that during the world-wide disturbed financial conditions which have existed, we deemed it prudent to forego the profit on a portion of our liquid reserves ordinarily carried abroad and having an earning power. These we transferred to our vaults to provide against every possible contingency, and to support, if required, the general financial situation in Canada.

I feel sure this course of action will meet with your approval. The year, I need hardly say, has been an eventful and anxious one.

POSITION IN GREAT BRITAIN.

In Great Britain the period immediately antecedent to the declaration of war was marked by considerable ease in the money market, coupled with a slight recession in trade, following a long period of unrest and depression caused by the Balkan chaos and other adverse factors.

The outbreak of hostilities brought about the collapse of the whole financial fabric, the closing of the bourses and a world-wide financial cataclysm. For a time at least a condition of well nigh general insolvency was threatened. The steps which were taken to cope with the crisis are of too recent occurrence to require reiteration.

Britain's command of the sea was undoubtedly the chief factor in bringing about a recovery of confidence, but great credit is due to the government and their able financial advisers for their bold and statesmanlike views of the situation and their prompt action in meeting the crisis, as well as to the Bank of England for the courage and activity with which the plans of the government were carried out.

The great latent wealth of the Empire has been demonstrated by the patriotic response to the recent government loan, and this is being followed by the removal of barriers to trade which is now once more approaching a normal condition. What the consequences of the war will be must depend, I think, to a large extent on the duration of hostilities.

Whether a long period of depression and economy, in order to replace the wasted wealth of the world will follow its conclusion, or whether the removal of political apprehensions and the prospect of a long era of peace will bring about an immediate restoration of prices—not alone of commodities but of stock exchange and of other securities—it would be idle at the moment to predict.

In either event, all borrowing countries, including Canada, must expect their facilities to be largely curtailed while the wastage of war is being repaired.

IN THE UNITED STATES.

In the United States, the revival of business which had begun to be perceptible met with an abrupt check upon the declaration of war, and in consequence of the cutting off of supplies of European capital, plans for development and expansion in all directions were either deferred or abandoned.

Notwithstanding that the Western sections have reaped more than usually bountiful crops, the tendency there, as elsewhere, is towards general curtailment and the avoidance of capital expenditure.

These conditions do not appear to result so much from an absence of resources or unsound trade as from doubts and uncertainties touching the future, affecting corporate bodies as well as all classes of the community. This distrust will, no doubt, gradually disappear and conditions right themselves in time. The increased prices, together with shipments of grain and food stuffs, and the large sale of war materials are having a stimulating effect on business generally, and gradually offsetting the adverse balance of trade.

The embarrassments caused by the disarrangement of the foreign exchange market have been largely overcome.

There appears to be a growing feeling in favour of giving

some measure of relief to the railways by way of increased freight rates so that they may be the better enabled to negotiate securities to meet their present needs and to provide for necessary expansion.

The coming into force of the Federal Reserve Banks' operations should cause an easing money market until commercial activity absorbs the free funds created thereby, and it will likely prove a potent factor in restoring normal conditions throughout the country, as well as preventing those periodical crisis which have been so disturbing in the past.

The opening of the exchange has helped to relieve an acute cotton situation. It has also been further considerably eased by the declaration that cotton will not be considered contraband. The operations of the New York stock exchange are gradually being extended and the fact of its now having been opened, even with restrictions, has had a good sentimental effect upon the whole financial situation.

POSITION IN CANADA.

In Canada, a period of several years of remarkable growth and progress was accompanied by large—and in some cases imprudent—capital expenditures by industrial, municipal and other corporations, and an ambitious programme of railway construction, made possible by the ease with which money could be obtained.

These conditions were taken advantage of by company promoters and speculators to bring about unduly inflated and fictitious values, and the extent to which these were carried directed suspicion and distrust of our economic position in the money markets of the world, followed by a close scrutiny of our securities and a curtailment of money supplies so essential to our development.

The ensuing check caused embarrassment in some instances, but had a salutary effect on the country in general, as it brought us to realize the fact that unproductive expenditures must of necessity cease for a while, and our efforts be directed towards development of natural resources, accelerated by a large flow of immigration.

It fortunately happened that for over a year previously, our manufacturers and merchants, preparing for such a contingency, had entered upon a period of curtailment and readjustment; and our economic position had been approaching a more normal condition. They were, therefore, the better able to meet the shrinkage in their turn-over occasioned first by restricted demands and now by the war.

I refer to these somewhat trite matters because the halt in business presently experienced may create in the public mind a more gloomy view than is warranted by actual conditions. It is well to remember that for a decade the commercial expansion of Canada was really abnormal.

A decline in the foreign trade of the country had set in before the outbreak of war, and has been accentuated by that event. In the seven months ending October 31st last, the value of merchandise imported, exclusive of specie, was \$286,800,000, or \$103,700,000 less than in the corresponding period of the preceding year. On the other hand, the value of Canadian produce exported has been fairly well maintained, having been for the seven months \$226,757,000 as compared with \$245,550,000 a year ago. The adverse balance of trade has, therefore, been reduced from \$145,000,000 to \$60,000,000 in this period, a substantial improvement of \$85,000,000, the more satisfactory in view of the practical closing of the London money market to Canadian loans. The transportation interests of Canada have also been benefited by an increase in the value of exports of United States products through our ports from \$19,000,000 in the seven months period of 1913 to \$41,600,000 this year.

LEGITIMATE BUSINESS SOUND.

I am glad to be able to say that from the reports which reach me from all parts of the country, legitimate business is fundamentally sound. While trade generally is quiet, and in many branches restricted, especially those dependent upon construction work, there is compensation, in a measure, by activities in others which provide the vast supplies required by the war.

A general suspension of new undertakings is apparent. Agriculture—the backbone of the country—continues prosperous, notwithstanding a shorter crop yield, owing to the high prices being paid for grain and other farm products. The great increase in the number and value of live stock in the Northwest is especially gratifying.