

ever before in the history of this Bank, or of this country.

The same statement applies in a greater or lesser degree to several belligerent and neutral countries, but in Canada economic conditions as well are in an unnatural state. This is partly due to the war, also a result of suspended immigration and of a lengthy period of an extravagance of which we are now feeling the cumulative effect.

Canada sold her record crop of last year at high prices, as in the years of the American Civil War, while this year we are disposing of a moderate crop at such steadily mounting prices that we again reap a golden harvest about equal in amount to that of 1915. The total value of last year's crop was \$799,000,000.

Our much criticized adverse trade balance has disappeared as though by magic, and our exports are now vastly in excess of our imports.

Exports for year ended 31st October	\$459,300,000	\$550,500,000	\$1,172,700,000
Imports for year ended 31st October	514,600,000	421,700,000	716,900,000
Total trade for year ended 31st October	\$973,000,000	\$972,200,000	\$1,889,600,000

Many of our great industries have converted big floating debts, a cause of anxiety, into cash surpluses. As a natural outcome, our stock markets are booming. Not only is unemployment unknown, but unskilled labor commands wages two and half times greater than the pay of our volunteer citizen soldiers, who so splendidly risk their lives for their country, while men engaged in "factory piece work" can earn as much as a college professor. It is, therefore, not surprising that the unanalytical minded, or those preoccupied with their own affairs, or those who have not contributed in flesh and blood to the Cause, should complacently say "Times are good."

Among those who do not join in this refrain are the men and women of the salaried class and those with small fixed incomes. These have been hard hit by war prices and are indeed finding it difficult to make both ends meet.

The present buoyant industrial conditions are obviously the direct outcome of a steadily increasing demand by the Allies for food, clothing and other munition of war at rapidly rising prices, yielding large profits to the producers.

Payment for these war exports and for our surplus crops, coupled with loans of \$275,000,000 effected in New York since the outbreak of hostilities, have brought money into the country at a rate not only unprecedented, even in the days of our heavy borrowing in London, but so undreamed of that we can advantageously ponder on what might have been our condition had there been no war.

An American authority has said, "The war has saved the United States from a great industrial and financial calamity."

In many respects conditions in Canada are comparable with those in the United States. In two notable respects they differ. Our neighbors across the border are adding to their wealth at a pace without precedent in history, but, unlike the Dominion, unpenalized by increasing national debt and loss of human life.

Canada's Contribution.

There is another side to this picture on which it is not well to dwell unduly, but which should be kept clearly before us. Post bellum conditions will surely weigh upon us more heavily or less heavily in proportion to our present indifference or our foresight, and in direct ratio to the steps we take to provide for inevitable problems and difficulties. Our agricultural production brings not only prosperity but stability; apart therefrom, though the cost of these alleged good times will not fall equally upon individuals. Canada as a whole will pay, and is

paying already, in hard cash, reflected in a formidable national debt and in a great public debt per capita. We are also paying in that most priceless of all treasures, the blood of the manhood of our country. So far the cost to us of the war is 14,000 lives plus 45,000 casualties, and in money \$354,000,000.

The transient nature of our increased exports alone is a simple index to a situation that commands the attention of all thinking people.

These views may not be acceptable to all, but they are common sense and based upon arithmetical facts. To be forewarned is to be forearmed.

These are the main factors that have influenced and will influence the banking position — the movement in deposits and loans and the safety of both. Therefore, in my opinion, the business of this Bank should be conducted with such views plainly before us until the situation clears.

There are two obvious meanings of lightening Can-

ada's coming burden, viz., thrift and immigration. The two are closely allied, for only by practising national and personal economy or thrift can we reduce our high cost of living — that most effective barrier to immigration. Upon immigration we mainly depend for the fuller development of our unsurpassed natural resources.

Thrift is overdue but can be started forthwith; immigration must wait, but should follow in natural sequence. I have no words at my command with which to adequately urge the necessity of an organized and an individual effort to promote thrift.

The timely and eloquent "Call to Action" of our Minister of Trade and Commerce commands attention. I am not sure that it should not be preceded by a "Call to Reason," in order that the importance of the problems of the situation be impressed upon those who are living in, let us say, the paradise of the unwise.

Sane optimism and self-confidence are admirable national qualities, and should be the order of the day. There is a point where optimism loses its value and the danger of over-confidence begins. That is the point for nations to avoid.

To sum up, we are going to win the just war we are waging; we are bound to win the war, but let us emerge from it unexhausted in order that the victory over our enemies may be perpetuated and recurrence of such insensate destruction render impracticable.

With the advent of peace will come relief to our Empire, but to financial and trade conditions peace will bring a necessity for sudden readjustment that in Canada, as elsewhere, must tax every resource to the utmost. I am satisfied that our Banks stand prepared to meet these new conditions with the adaptability and strength that have made them the backbone of the Canadian financial situation.

LONDON.

Throughout the year under review, the trend of money rates in London has been steadily upwards, and, therefore, notwithstanding heavy income tax, the substantial reserves we carry at that reserve point have been employed with profit to ourselves, also with advantage to the Empire, as the chief securities in which we deal, either by way of loan or purchase, are British Government securities.

It is not out of place to mention here that this Bank is among the important and appreciated lenders of short money in the London market, and though it is not for us to take praise for this, yet the fact is not to be lost sight of when weighing Canada's as-

sistance to the Empire in this war.

In this connection I may say that as a borrowing centre London remains closed to the Dominions except for such loans as our Government effect from the Imperial Government for war purposes. On the other hand, some of our Provincial Governments and several municipalities have re-purchased largely their outstanding long-dated London loans and refunded them in New York, thus helping the sterling exchange situation. The obligant also has profited through reduction in capital debt.

The help that can in this way be rendered to Great Britain in maintaining the value of the pound sterling is in itself sufficient reason why all our public bodies with loans afloat in London should give this matter their loyal and early attention.

UNITED STATES.

With the exception of one brief season, both call and time money in New York have remained abundant and therefore cheap.

The call rate averaged 2.30 per cent throughout the year, as compared with 2.39 per cent the preceding year. It will be obvious to you that it is not very profitable to lend money at such rates, but our policy remains unchanged of carrying important reserves in New York, no matter what the earning power may be.

During the Bank's year, Canada borrowed in New York by way of public loans \$153,000,000. This sum includes the Dominion Government loan of \$75,000,000, borrowed naturally on terms dictated by the lender, terms that should have been better but might have been worse had our credit not stood so high. Of the latter sum \$25,000,000 was for refunding purposes.

In the previous year Canada borrowed in New York about \$142,000,000, and in 1914, \$25,000,000.

The interest on Canada's indebtedness abroad — mainly to Great Britain and the United States — now amounts to about \$175,000,000 a year.

It is worthy of special mention that since August, 1914, New York has loaned no less than \$2,000,000,000 to foreign countries, thus establishing itself in an important position among the great loaning centres of the world.

Bank's Record in Overseas Service.

Sir Frederick Williams-Taylor, in concluding, referred to the number of the staff of the Bank that had enlisted for overseas service, saying:—

"As for the Bank of Montreal Contingent with the Colors, I have no words sufficiently eloquent where-with to fully express our pride in their achievements, our grief in their losses. Forty-eight per cent of our total male staff, or 67 per cent of those of military age, have enlisted, 51 of our best have been killed, and 107 are wounded, missing or prisoners of war. Several of our men have been decorated by the King for conspicuous valour, and the whole Contingent is illustrious."

Election of Directors and Officers.

The vacancies on the board of Directors were filled by the appointment of Captain Herbert Molson, of Montreal, and Mr. Harold Kennedy, of Quebec, the new Board of Directors being as follows:—

D. Forbes Angus, R. B. Angus, A. Baumgarten, H. R. Drummond, C. B. Gordon, E. B. Greenshields, C. R. Hosmer, Harold Kennedy, Sir William Macdonald, Hon. Robt. Mackay, Wm. McMaster, Sir Vincent Meredith, Bart., Capt. Herbert Molson and Lord Shaughnessy, K.C.V.O.

The meeting then terminated. At a subsequent meeting of the Directors, Sir Vincent Meredith, Bart., was re-elected President, and Mr. C. B. Gordon was elected to the office of Vice-President.

The Dyestuff Situation

Mr. F. M. Mooney, of McArthur Irwin, Limited, Gives Readers Some Impressions Gathered During Extended Trip to England, France and Switzerland.

Canadian manufacturers may anticipate a continued improvement in the dyestuff situation from now on, is the optimistic information brought back by Mr. F. M. Mooney, who has just returned from an extended trip to England, France and Switzerland, where he investigated what is being done in the dyestuff and chemical industries. But although the situation in England has been relieved to a large extent during the past year, yet the production still falls a long way short of requirements and many of the higher grades are yet unattainable.

Mr. Mooney was sent to the Old Country over one year ago by his principals, Messrs. McArthur, Irwin, Limited, of Montreal. The purpose of his visit was to obtain as much dyestuffs and chemicals for Canadian consumption as possible. In this he was fairly successful, although he was continually affronted with the scarcity of all lines. This situation has materially changed of late. There has been an extensive development in the dyestuff and chemical industry in Great Britain, and these manufacturers are now able to give more attention to the dyestuff situation than was possible months ago when their production of raw material for explosives was bare-

ly sufficient to meet demands. In addition to this, there has been a big expansion in Switzerland, and the manufacturers of Great Britain and Switzerland have been working in very close co-operation.

The British Dyes, Limited, Levinsteins, Limited and other makers in England, have, according to Mr. Mooney, developed to a great extent during the past two years. The German plants formerly operated in England have been offered to British concerns, and although they are now closed, it is expected that these plants will shortly be brought into operation. The English concerns are now manufacturing a wide range of synthetic and sulphur colors. Mr. Mooney estimates that they have increased their production to some 20% of the British consumption of dyestuffs, compared with about 4% previous to the outbreak of hostilities. British manufacturers are obtaining the remainder of their requirements from Switzerland. The Swiss concerns who in the past obtained a large proportion of their raw material and intermediaries from Germany, have overcome the disadvantage in this connection to a great extent. For a time they depended on England for the supply of these materials, and under the

arrangement, placed their output of dyestuffs and chemicals at the disposal of British manufacturers. They have developed to such an extent that they are becoming more and more independent of outside assistance, and are now manufacturing a full range of dyestuffs just as good as was formerly obtained in Germany.

While in Switzerland Mr. Mooney arranged for the Canadian representation of the Chemical Works, formerly Sandoz, of Basle, Switzerland. This concern is now manufacturing a thoroughly complete range of synthetic dyestuffs. They are now in a position to ship their product direct to Canada, and under the arrangement, Messrs. McArthur, Irwin, Limited, will be in a position to considerably relieve the dyestuff scarcity in this country.

Regarding after-the-war competition with German manufacturers, Mr. Mooney stated that it would merely be a matter of competition. The British and Swiss manufacturers are so developing their industries that they will be in a position to compete with German manufacturers on a very favorable basis. According to Mr. Mooney they have no reason to fear the competition of the German concerns. In fact, they should be in a better position to look after the world's needs of dyestuffs and chemicals than the German firms.

Mr. Mooney is not cheerful regarding the outlook for the development of a dyestuff and chemical industry in Canada. The Canadian consumption of these products is comparatively small, whereas the dyestuff manufacturer must be able to produce a

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