BANK OF MONTREAL

The annual statement of the Bank of Montreal which has already been reviewed in these columns indicates that the Bank has been able to take care of an unusually large proportion of the increased requirements of the merchants and manufacturers of the country.

Owing to the marked expansion of the business of the country, the Bank arranged during the year to increase its capital from $20,000,000 to $22,000,000. A corresponding increase was also made in the Rest account which now stands at the same figure as the capital. Savings deposits were increased by approximately $10,000,000 to $322,578,613. As a result of these increases the total Assets were substantially increased, and now stand at $560,150,812.

The President of the Bank Sir Vincent Meredith surveyed a wide field in his address. Always has Canada's foreign trade been dependent on conditions abroad, but never before to the same extent as now when European countries are swamped with debt by reason of depreciated currency unable to copiously enter the importing market. Canada's export trade has been remarkably well maintained in the circumstances, and if no hamper comes the country will fare well. It is rather in the excess of imports the vulnerable point is found. We import too many goods; and if the retort is made that we cannot sell without buying, then it may be stressed that we buy too many goods from the United States. A premium of 14 per cent.—it may be much higher in the early future—on New York funds betokens lopsided trade. For every dollar of imports from the United States, Canada pays 50 cents in commodities and to square the balance is compelled to pay the Americans a high premium on the debt due.

Sir Frederick Williams-Taylor, the General Manager, in his address to the shareholders dealt principally with the operations and results of the banking year. It has been a year of prosperity for all banks, especially for those who carry a large ready reserve in New York, where high rates of interest have prevailed for call funds. The Bank of Montreal has participated in this profitable source, as well as from the trade activity in Canada, reaping an unexampled large earning for its proprietors. A salient point is that the larger profits were not due to higher rates of interest, and no better tribute can be paid the banks of Canada than that during all the years of expanding business and increased credits, the cost of money to the borrower has remained practically unchanged. The General Manager deals in some detail with this subject, citing figures indicative of the aid extended by the bank to its customers in the period of rising prices, and the consideration given them when the trend turned. It is trite to say that the commercial and industrial stability of Canada rests upon a sound banking system, and in evidence of how prudently the banks are managed, one needs only to turn to the address of Sir Frederick Williams-Taylor. In that address will be found wise admonition for the early future, a concise summary of world-wide monetary conditions, and a hopeful note of the fundamental things that contribute to the welfare of the Canadian people.

THE PUBLIC AND PRICES

Professor Giddings used to tell his classes that every dog in a pack would run faster and harder because he saw the others running. Whether or not that is true of dogs—and I am willing to take the Professor's word for it—it is certainly true of the public. A year ago they were running after high prices, with their tongues fairly hanging out of their mouths and dripping in expectation of the big profits they were going to make. Today they are hounding every scared commodity price down the hill to its last stand, zero.

Three-quarters of a century ago, when Mrs. Brown whispered to Mrs. Jones that she had heard somebody say that the village bank was short of money, everybody in town knew within an hour or two that the bank was about to fail—and the result was that all the good townspeople were at the bank door clamoring for their money. Ensued "the run on the bank"—true and tried old property of the Victorian melodramatist.

The grocer reads in the mornings paper that Mr. Stonehead Conspieler, of the Department of Theoretical Asininity at Washington, says a sugar famine is imminent. One hundred thousand other grocers read the same thing, and they all try to buy sugar at once. Also, the public all try to lay in sugar to last a year. Result, 25 cents a pound. Next result, sugar comes here from Patagonia, New Zealand, New Hebrides, Iceland, the Caspian Sea, the Sargasso Sea, and other places, if any, where they don't believe all they read in the papers.

And when the 100,000 have bought what they want, and the public has bought all it wants, they all find there is plenty of sugar, so they all try to sell at once. Result: 10 cents for sugar. Next result, everybody uses more; restaurants wake up and remember there is such a thing as sugar, and serve it; all the women start to canning fruit because sugar is cheap; everybody begins to eat candy; even Europe plucks up courage enough to buy a little sugar. Meantime, grocers won't buy much—they have had sugar experience enough for a while. And I suppose by-and-by we shall wake