

THE BANK OF MONTREAL'S MEETING.

The addresses made by Mr. H. V. Meredith (president) and Sir Frederick Williams-Taylor (general manager) at Monday's meeting of the Bank of Montreal's shareholders form notable contributions to discussion regarding the economic position of Canada at the present time. Their sobriety of tone and discriminatory judgments make them invaluable for those who for one reason and another need to be closely posted regarding present day Canadian realities. It may fairly be said that the general impression left by a careful perusal of these addresses is one of encouragement and confidence, although it is apparent that both Mr. Meredith and Sir Frederick agree that future prosperity in Canada is not to be had for the asking, and that there are many economic and financial problems still facing us which will require an enlightened direction and steady application for their solution. The qualifications for being able to anticipate future difficulties with confidence were summed up by Mr. Meredith as economy in order to meet the increased burden of taxation, the production of exportable articles increased to the utmost extent in order to protect our gold supply and minimize our borrowings, and keeping strong in working capital. It can hardly be said that in the past few years, all these points have been particularly notable in Canadian economic life, and it is evident that in order to achieve these qualifications steady and sustained effort will be necessary.

THE CANADIAN POSITION.

In the course of his illuminating analysis of Canadian conditions, Mr. Meredith noted that while, all things considered, Canadian trade has been well maintained as to volume and character, further reorganisations may yet be necessary in order to adjust capital to earning power. The most encouraging feature of the year has been the bountiful harvest in the Northwest, which, in Mr. Meredith's opinion, will have the effect of attracting a tide of emigration to Canada after the war. A factor of supreme importance at the present time is the restoration of a favorable balance in our foreign trade, which enables us to conserve our gold supplies, and to curtail our borrowings abroad to some extent. Through increase of exports and reduction of imports, over a seven-months period ending with October, we have been able to change an adverse balance of \$145,000,000 at the end of October, 1913, into a favorable balance of \$73,323,000 this year, or a betterment of \$218,000,000 in our foreign trade position in two years. With these figures and Mr. Meredith's wise remarks on the necessity for continued borrowings abroad owing to the necessity of the maintenance of a sufficient supply of working capital at home for the financing of our trade and commerce—a point that is too frequently overlooked by enthusiasts—may be compared the information given by Sir Frederick Williams-Taylor in regard to our borrowings in the United States. Our borrowings in New York during the past twelve months (including the Dominion Government's loan of \$45 millions) aggregate some \$142 millions. The importance of this borrowing can probably be best appreciated by the simple mention of the fact that the total is only

\$23 millions less than the Dominion borrowed in London in the year 1913. The balance of trade during the past year between the United States and Canada was \$113 millions in favour of the United States. Added to this is \$32 millions, the interest due on our previous borrowings in the United States, the total of \$145 millions being about equal to our New York borrowings. So that in fact the United States is now providing Canada with funds to purchase goods and merchandise. It is evident from these figures that our borrowings in New York during the past twelve months have been of the utmost importance, and doubtless they will continue to be on a large scale. The consequent necessity of maintaining our credit there at a high level needs no emphasis.

THE BANK'S POLICY.

The statement made by Sir Frederick Williams-Taylor regarding the Bank's policy during the past year should serve effectively to counteract the shallow criticism regarding the banks' large reserves, which is too frequently heard. The speaker pointed out that the earnings of the Bank had been materially affected by the policy of carrying large reserves, heavy balances which by discretion they felt compelled to carry with their London bankers being for many weeks free of interest. When the London rate for money rose, caution and established policy, coupled with the fact that the Bank had large deposits of a special nature, decided the management on keeping an important part of the Bank's resources readily available. At October 31, the Bank held 64.3 per cent. of its liabilities to the public in immediately available assets compared with 55.4 per cent. last year, and Sir Frederick emphasised the fact that this position has been achieved while still meeting the usual legitimate requirements of merchants, manufacturers, farmers and ranchers, while the Bank has given special consideration to applications from those temporarily embarrassed by the prevailing conditions. This is certainly highly satisfactory, and as was also pointed out by the speaker, the large funds at present idle will prove invaluable when the situation clears.

THE BANK'S BALANCE SHEET.

The Bank's balance sheet, a document showing an admirably strong position, has already been noticed in these columns. Following is a comparison of the leading items for the last three years:—

| | 1915. | 1914. | 1913. |
|---------------------------------|-------------|-------------|-------------|
| | \$ | \$ | \$ |
| Capital Stock | 16,000,000 | 16,000,000 | 16,000,000 |
| Res. | 16,000,000 | 16,000,000 | 16,000,000 |
| Circulation | 17,276,782 | 17,231,502 | 17,061,665 |
| Deposits (not bearing interest) | 75,745,730 | 42,689,032 | 45,134,957 |
| Deposits (bearing interest) | 160,277,084 | 154,533,643 | 144,437,882 |
| Total Liabilities to Public | 264,540,759 | 221,350,378 | 208,656,751 |
| Specie and Legals. | 40,269,804 | 40,661,762 | 22,164,800 |
| Central Gold Reserve | 1,500,000 | 1,500,000 | 1,000,000 |
| Call Loans Abroad | 70,957,528 | 41,502,122 | 51,240,795 |
| Bank Balances Abroad | 26,793,150 | 15,900,037 | 6,126,730 |
| Total of Quick Assets | 170,007,568 | 122,658,003 | 103,699,427 |
| Current loans and discounts | 121,175,954 | 128,618,661 | 134,163,473 |
| Total Assets | 302,980,555 | 250,484,668 | 244,787,045 |

The reduction in current loans in Canada which