

THE BANK OF MONTREAL—Continued

that Continental nations will, for the purpose of self-preservation, place an embargo on all emigration. Great Britain, for similar reasons, though she may not take such drastic measures in regard to her daughter nations, will no doubt discourage intending emigrants from leaving her shores. This I say without for a moment meaning that efforts to secure immigration should be in any way relaxed.

Canada is bearing up magnificently under the strain of this world-wide war, and her sacrifices will be amply repaid by the engendering of a spirit of self-reliance, and she will emerge, a comparatively little known country, to take her rightful position in the affairs of the nations.

The future, as I have said, is beset with new problems and is not entirely free from financial anxieties, but by a young people possessing great national spirit, a territorial Empire and unrivalled natural resources, the future can be looked forward to with hope and confidence.

THE GENERAL MANAGER'S ADDRESS.

Sir Frederick Williams-Taylor, the General Manager of the Bank, then made his annual address, as follows:—

Gentlemen:—In this the twenty-ninth month of the war, it is my duty to present for your approval the ninety-ninth annual statement of the Bank of Montreal.

Also it is my combined duty and privilege to explain the chief changes in the balance sheet now before you. First, however, let me comment briefly upon the factors that bear most importantly upon the future course of our affairs and that have influenced our banking position in the year under review.

The outstanding business feature in Canada is an industrial condition more abnormal in character than 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.

	1914.	1915.	1916.
Exports for year ended			
31st Oct.	\$459,300,000	\$550,500,000	\$1,172,700,000
Imports for year ended			
31st Oct.	514,600,000	421,700,000	716,900,000

Total trade for year ended 1st Oct. . . \$973,900,000 \$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 labour commands wages two and a 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 munitions 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 neighbours 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 means of lightening Canada'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 rendered 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 bulwark of the Canadian financial situation.

LONDON.

Throughout the year under review, the trend of money rates in London has been steadily upwards, and, therefore,

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